

SPRING LAKE HEIGHTS SCHOOL DISTRICT

Spring Lake Heights, New Jersey
County of Monmouth

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

SPRING LAKE HEIGHTS SCHOOL DISTRICT

JAMES M. MCCARTNEY, ED. D.
SUPERINTENDENT/PRINCIPAL



Matthew K. Varley, CPA
BUSINESS ADMINISTRATOR/BOARD SECRETARY

November 19, 2013

Honorable President and
Members of the Board of Education
Spring Lake Heights School District
1110 Highway #71
Spring Lake Heights, New Jersey 07762

Dear Board Members:

The comprehensive annual financial report of the Spring Lake Heights School District ("District") for the fiscal year ending June 30, 2013 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 Spring Lake Heights Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial disclosures necessary to enable the reader to gain an understanding of the District's financial activities.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the district's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as 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 of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. 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, are included in the single audit section of this report.

The Spring Lake Heights School District is an independent report entity. It is comprised of one school. The District maintains a high quality education and provides a full range of programs and services appropriate to grades K-8. Spring Lake Heights has a sending-receiving relationship with the Manasquan School District for its high school students. The Spring Lake Heights PTA, Booster Club and Educational Foundation are extremely active and supportive of the school district. These groups help to supplement and enhance the students' experiences at Spring Lake Heights Elementary.

The District Board is comprised of 5 members. The Board generally meets on the 3rd Monday of each month beginning at 7 p.m.; except when district functions or holidays interfere with that schedule. To maintain effective communications, the District sends out a quarterly newsletter and updates its website frequently. Information is posted on the website during the budget process and presentations are conducted.

The District continues to enhance its staffing with the hiring of James M. McCartney, Ed. D. as superintendent and principal. Dr. McCartney brings a wealth of diverse experience to the District.



The average daily enrollment for the 2012-2013 school year was 364.3 and the average daily attendance was 347.3. This reflects an increase in the average daily enrollment of 5 students.

The school is in good condition. The board of Education and administration continue to review annual maintenance plans as well as continually updating the Districts Long Range Facilities Plan.

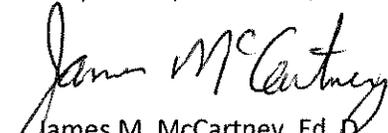
In 2012-2013 the district continued a contracted service arrangement with the Manasquan School District for Business Services.

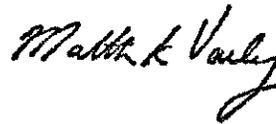
The Board continued the practice of placing money in reserves. They passed resolutions in June 2013 to add \$150,000 to the districts Tuition Reserve and \$150,000 to Capital Reserve and \$125,000 to Maintenance Reserve. These reserves should help to continue the District's financial stability in the future.

Spring Lake Heights is a high functioning, successful school district. Test scores are comparable or higher than districts in its District Factor Group. The district employees used technology as an intricate part of their instruction. The District has installed SmartBoards in most classrooms and wireless access is available. The teachers are incorporating student response systems as an additional technological instructional aid. Curriculum is constantly being updated and aligned with the Core Curriculum Content Standards.

We would like to express our appreciation to the members of the Spring Lake Heights 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 efficient and dedicated services of our support staff.

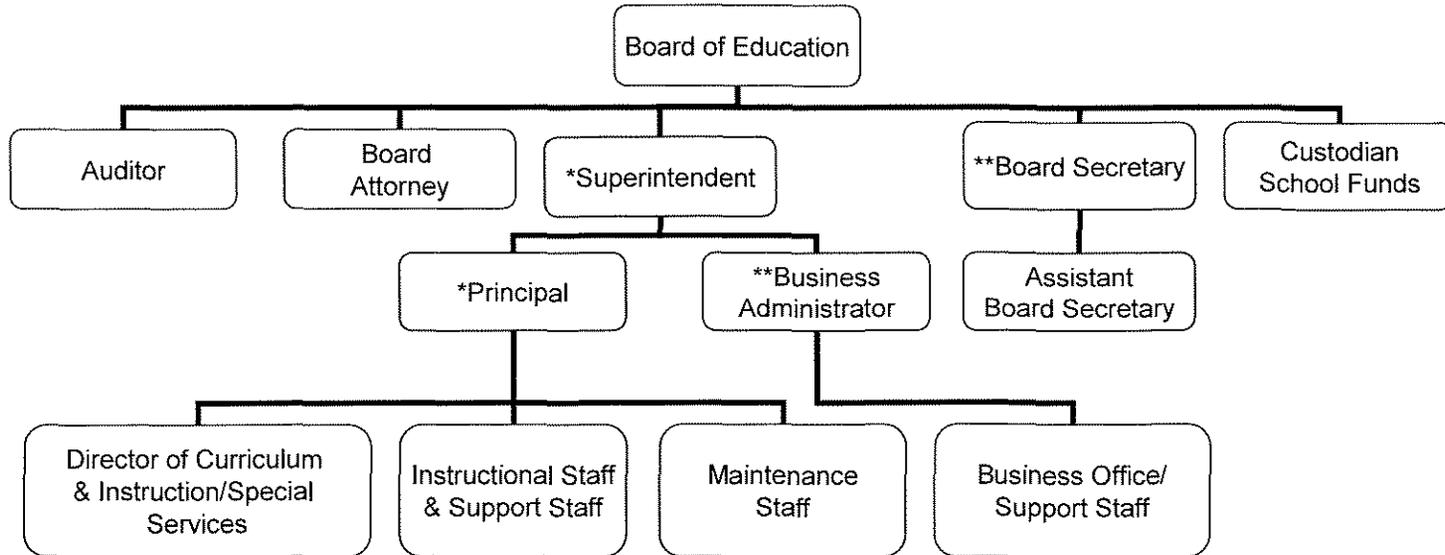
Respectfully submitted,


James M. McCartney, Ed. D.
Superintendent /Principal



Matthew K. Varley, CPA
Business Administrator/Board Secretary

Spring Lake Heights Board of Education Unit Control District Organizational Chart



- * Position filled by one person
- ** Position filled by one person

In absence of the Chief School Administrator, the School Business Administrator/Supervisor shall assume all the duties and Responsibilities of the Chief School Administrator.

SPRING LAKE HEIGHTS BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2013

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Kerry J. Morgan, President	2013
Michael J. Forrester, Vice President	2014
Eric Gardner	2015
Michele Degnan-Spang	2013
James McCarthy	2016

OTHER OFFICIALS

- Dr. James McCartney, Interim Superintendent of Schools
- Margaret M. Hom, Business Administrator/Board Secretary
- Colleen M. Lapp, Treasurer of School Funds

SPRING LAKE HEIGHTS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM/FINANCIAL ADVISORS

Robert W. Allison, CPA, RMA, PSA
Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

ATTORNEY

Armen McOmber, Esq.
McOmber & McOmber
54 Shrewsbury Avenue
Red Bank, New Jersey 07701

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, New Jersey 08034

Investors Savings Bank
Short Hills, New Jersey 07078

FINANCIAL SECTION



HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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618 Stokes Road, Medford, NJ 08055 • Tel: 800.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
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926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Spring Lake Heights School District
County of Monmouth
Spring Lake Heights, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2013, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of June 30, 2013, 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 and budgetary comparison information on pages 9 through 17 and 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Spring Lake Heights Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013 on our consideration of the Board of Education of the Spring Lake Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Spring Lake Heights School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a long horizontal flourish extending to the left.

Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
October 11, 2013

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SPRING LAKE HEIGHTS, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of Spring Lake Heights School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ◆ General revenues accounted for \$8,191,129.49 or 95.98% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$343,498.54 or 4.02% of total revenue of \$8,534,628.03.
- ◆ Total Net Position of governmental activities increased by \$384,300.58.
- ◆ The School District had \$8,154,962.38 in expenses; only \$343,498.54 of these expenses was offset by program specific charges for services, operating grants and contributions. General revenues of \$8,191,129.49, together with Fund Balance, were adequate to provide for these programs.
- ◆ The General Fund had a total fund balance of \$1,388,176.32. Fund balance reserved for FY2013-14 is \$1,064,990.94. Unassigned fund balance is \$238,827.20.

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 Spring Lake Heights School District as a financial whole, 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 tell how services were financed in the short-term as well as what remains for future spending. In the case of Spring Lake Heights School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, 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 positions 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 District is divided into two distinct kinds of activities:

- ◆ Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2012-13 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School 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 the 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 School District's general government operations and the basic services it provides. Governmental fund information helps you 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 School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2013 and 2012.

Table 1

Net Position

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and Cash Equivalents	\$ 1,397,751.95	\$ 1,309,825.99
Receivables, Net	107,355.17	35,814.66
Interfund Receivable	15,766.13	
Inventory	2,556.62	4,508.13
Deferred Financing Costs, Net	56,859.31	63,177.01
Capital Assets, Net	<u>7,010,969.00</u>	<u>7,291,647.00</u>
 Total Assets	 <u>8,591,258.18</u>	 <u>8,704,972.79</u>
Liabilities:		
Accounts Payable	71,807.62	149,759.09
Interfund Payable	15,766.13	
Accrued Expenses	53,495.68	58,897.98
Deferred Revenue	5,273.33	964.52
Noncurrent Liabilities:		
Due Within One Year	385,475.12	406,775.48
Due Beyond One Year	<u>3,545,553.51</u>	<u>3,954,354.57</u>
 Total Liabilities	 <u>4,077,371.39</u>	 <u>4,570,751.64</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	3,115,620.37	2,975,816.95
Restricted for:		
Capital Projects		113,049.72
Debt Service	1.65	5,809.41
Other Purposes	1,149,349.12	804,056.09
Unrestricted	<u>248,915.65</u>	<u>235,488.98</u>
 Total Net Position	 <u>\$ 4,513,886.79</u>	 <u>\$ 4,134,221.15</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2012 and 2013.

Table 2

Changes in Net Position

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 155,321.58	\$ 127,975.43
Operating Grants and Contributions	188,176.96	34,295.81
General Revenues:		
Property Taxes	7,361,774.00	7,245,823.00
Grants and Entitlements	764,680.51	770,558.45
Other	<u>64,674.98</u>	<u>41,416.10</u>
Total Revenues	<u>8,534,628.03</u>	<u>8,220,068.79</u>
<u>Program Expenses</u>		
Instruction	2,237,518.83	2,955,303.59
Support Services:		
Pupils and Instructional Staff	2,902,847.89	3,290,529.45
General Administration, School		
Administration, Business	493,754.44	524,087.85
Operations and Maintenance		
of Facilities	407,559.98	511,733.47
Pupil Transportation	324,030.87	246,497.66
Employee Benefits	1,279,096.01	
Interest on Long-Term Debt	145,267.98	159,634.82
Unallocated Depreciation and		
Amortization	260,935.75	259,193.75
Food Service	<u>103,950.63</u>	<u>97,437.16</u>
Total Expenses	<u>8,154,962.38</u>	<u>8,044,417.75</u>
Increase in Net Position	<u>\$ 379,665.95</u>	<u>\$ 175,651.04</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 86.26% of revenues for governmental activities for the Spring Lake Heights School District for fiscal year 2013. The School District's total revenues were \$8,534,628.03 for the fiscal year ended June 30, 2013. Federal, state and local grants accounted for another 8.96%.

The total cost of all program and services was \$8,154,962.38. Instruction comprises 27.44% of School District expenses.

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

- ◆ Food service expenses exceeded revenues by \$4,634.93.
- ◆ Charges for services represent \$70,947.14 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$28,368.56.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,237,518.83	2,044,372.14	\$ 2,955,303.59	\$ 2,902,103.59
Support Services:				
Pupils and Instructional Staff	2,902,847.89	2,888,903.69	3,290,529.45	3,290,529.45
General Administration, School Administration, Business	493,754.44	493,754.44	524,087.85	524,087.85
Operation and Maintenance of Facilities	407,559.98	407,559.98	511,733.47	511,733.47
Pupil Transportation	324,030.87	286,938.92	246,497.66	241,631.46
Employee Benefits	1,279,096.01	1,279,096.01		
Interest on Long-Term Debt	145,267.98	145,267.98	159,634.82	159,634.82
Unallocated Depreciation and Amortization	260,935.75	260,935.75	259,193.75	259,193.75
Total Expenses	\$ 8,051,011.75	\$ 7,806,828.91	\$ 7,946,980.59	\$ 7,888,914.39

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 School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District’s Funds

Information about the School District's major funds is included in the 2012-13 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Capital Projects Fund, Special Revenue Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$8,435,312.33 and expenditures of \$8,200,593.78. The net positive/(negative) change in fund balance for the year was most significant in the General Fund, a increase of \$353,512.19. The School District was able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2011/12</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 7,510,760.30	89.04%	\$ 145,013.66	1.93%
State Sources	787,914.71	9.34	177,137.81	22.48
Federal Sources	<u>136,574.20</u>	<u>1.62</u>	<u>(28,073.55)</u>	<u>(20.56)</u>
Total	<u>\$ 8,435,249.21</u>	<u>100.00%</u>	<u>\$ 294,077.92</u>	<u>3.48%</u>

The increase in Local Sources was primarily attributed an increase in the local tax levy and tuition and transportation reimbursements received from the State for a state placed student.

The increase in State Sources was primarily attributed to the addition “on-behalf” support for TPAF Contributions and TPAF Post Retirement Medical benefits.

The decrease in Federal Sources was primarily due to reductions in the districts funding of No Child Left Behind programs and the Education Jobs fund which officially ended June 30, 2012.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2011/12</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 2,237,518.83	27.28%	\$ 58,194.53	2.60%
Undistributed Expenditures	5,389,162.19	65.72	68,219.14	1.27
Debt Service:				
Principal	374,595.48	4.57	10,837.72	2.89
Interest	150,670.28	1.84	(15,612.46)	(10.36)
Capital Outlay	<u>48,647.00</u>	<u>0.59</u>	<u>(111,160.18)</u>	<u>(228.50)</u>
Total	<u>\$ 8,200,593.78</u>	<u>100.00%</u>	<u>\$ 10,478.75</u>	<u>0.13%</u>

The increase in Current - Instruction is attributed to contractual salaries and classroom computer equipment.

The increase in Current - Undistributed Expenditures is attributed to increases in contractual salaries and a \$28,000 judgment settled against the district.

The decrease in Capital Outlay is attributed to no capital outlay projects budgeted for in 2012-13.

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 a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2013, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a \$8,283.00 increase in surplus funds for a total unassigned free balance (GAAP) of \$238,827.20 at June 30, 2013.

Capital Assets

At the end of the fiscal year 2013, the School District had \$6,998,746.00 invested in land, site improvements, building and building improvements, and machinery and equipment, net of depreciation.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2013 and 2012 (as restated)

	<u>2013</u>	<u>2012</u>
Land	\$ 5,000.00	\$ 5,000.00
Site Improvements	45,088.00	53,526.00
Building and Building Improvements	6,829,364.00	7,069,343.00
Machinery and Equipment	<u>119,294.00</u>	<u>150,481.00</u>
Totals	<u>\$ 6,998,746.00</u>	<u>\$ 7,278,350.00</u>

Debt Administration

At June 30, 2013, the School District had \$3,706,155.12 as outstanding debt. Of this amount, \$35,680.00 is for compensated absences; \$3,645,000.00 is for bonds payable; and \$25,475.12 is for loans payable.

At June 30, 2013, the School District's overall legal debt margin was \$29,183,852.00.

For the Future

Spring Lake Heights is a small residential community with very little available land for future development. Student enrollment remains stable and is projected to remain steady in the foreseeable future. Recently, the Board of Education approved policies and procedures for admitting non-resident children to the School.

The Spring Lake Heights School District debt was refinanced in the 2012-13 school year to take advantage of the current market conditions and achieve savings. The Spring Lake Heights School Board passed resolutions in June 2013 to create a Tuition Reserve and Maintenance Reserve to further aid in the School District's financial stability.

The Spring Lake Heights School District is committed to providing its resident and non-resident children with a high-quality education at a cost that is reasonable to taxpayers. The School District will continue to work diligently to plan for the future needs of the students with sound financial practices.

Contacting the School District's Financial Management

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 questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Spring Lake Heights Board of Education, 1110 Highway #71, Spring Lake Heights, NJ 07762.

BASIC FINANCIAL STATEMENTS

A. 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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF NET POSITION

For the fiscal year ended June 30, 2013

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,361,635.54	\$ 36,116.41	\$ 1,397,751.95
Receivables, Net	102,998.13	4,357.04	107,355.17
Interfund Receivable		15,766.13	15,766.13
Inventory		2,556.62	2,556.62
Deferred Financing Costs, Net	56,859.31		56,859.31
Capital Assets, Net	<u>6,998,746.00</u>	<u>12,223.00</u>	<u>7,010,969.00</u>
Total Assets	<u>8,520,238.98</u>	<u>71,019.20</u>	<u>8,591,258.18</u>
Liabilities:			
Accounts Payable	56,514.73	15,292.89	71,807.62
Interfund Payable	15,766.13		15,766.13
Accrued Expenses	53,495.68		53,495.68
Deferred Revenue	4,174.84	1,098.49	5,273.33
Noncurrent Liabilities:			
Due Within One Year	385,475.12		385,475.12
Due Beyond One Year	<u>3,545,553.51</u>		<u>3,545,553.51</u>
Total Liabilities	<u>4,060,980.01</u>	<u>16,391.38</u>	<u>4,077,371.39</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	3,103,397.37	12,223.00	3,115,620.37
Restricted for:			
Debt Service	1.65		1.65
Other Purposes	1,149,349.12		1,149,349.12
Unrestricted	<u>206,510.83</u>	<u>42,404.82</u>	<u>248,915.65</u>
Total Net Position	<u>\$ 4,459,258.97</u>	<u>\$ 54,627.82</u>	<u>\$ 4,513,886.79</u>

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 1,707,050.67	\$ 70,516.69	\$ 122,630.00		\$ (1,513,903.98)		\$ (1,513,903.98)
Special Education	414,625.80				(414,625.80)		(414,625.80)
Other Special Instruction	47,028.00				(47,028.00)		(47,028.00)
Other Instruction	68,814.36				(68,814.36)		(68,814.36)
Support Services:							
Tuition	2,203,241.03				(2,203,241.03)		(2,203,241.03)
Student and Instruction Related Services	699,606.86		13,944.20		(685,662.66)		(685,662.66)
General and Business Administrative Services	238,303.09				(238,303.09)		(238,303.09)
School Administrative Services	104,927.66				(104,927.66)		(104,927.66)
Central Services	143,549.07				(143,549.07)		(143,549.07)
Administrative Information Technology	6,974.62				(6,974.62)		(6,974.62)
Plant Operations and Maintenance	407,559.98				(407,559.98)		(407,559.98)
Pupil Transportation	324,030.87	13,857.75	23,234.20		(286,938.92)		(286,938.92)
Employee Benefits	1,279,096.01				(1,279,096.01)		(1,279,096.01)
Interest on Long-Term Debt	145,267.98				(145,267.98)		(145,267.98)
Unallocated Depreciation and Amortization	260,935.76				(260,935.76)		(260,935.76)
Total Government Activities	8,051,011.76	84,374.44	159,808.40		(7,806,828.92)		(7,806,828.92)
BUSINESS-TYPE ACTIVITIES							
Food Service	103,950.63	70,947.14	28,368.56			\$ (4,634.93)	(4,634.93)
Total Business-Type Activities	103,950.63	70,947.14	28,368.56			(4,634.93)	(4,634.93)
Total Primary Government	\$ 8,154,962.39	\$ 155,321.58	\$ 188,176.96	\$ 0.00	\$ (7,806,828.92)	\$ (4,634.93)	\$ (7,811,463.85)
GENERAL REVENUES							
Property Taxes Levied for:							
General Purposes					\$ 6,955,365.00		\$ 6,955,365.00
Debt Service					406,409.00		406,409.00
Federal and State Aid Not Restricted					764,680.51		764,680.51
Investment Earnings					63.12		63.12
Miscellaneous Income					64,611.86		64,611.86
Total General Revenues					8,191,129.49		8,191,129.49
Change in Net Position					384,300.57	(4,634.93)	379,665.64
Net Position - Beginning					4,074,958.40	59,262.75	4,134,221.15
Net Position - Ending					\$ 4,459,258.97	\$ 54,627.82	\$ 4,513,886.79

B. Fund Financial Statements

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

Governmental Funds

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,361,633.87		\$ 1.65	\$ 1,361,635.52
Cash with Fiscal Agent	0.02			0.02
Receivables From Other Governments:				
State	54,549.24			54,549.24
Federal		\$ 47,248.89		47,248.89
Other Receivables	1,200.00			1,200.00
Due From Other Funds	<u>42,575.45</u>			<u>42,575.45</u>
Total Assets	<u>1,459,958.58</u>	<u>47,248.89</u>	<u>1.65</u>	<u>1,507,209.12</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	56,016.13	498.60		56,514.73
Interfund Payable	15,766.13	42,575.45		58,341.58
Deferred Revenue		<u>4,174.84</u>		<u>4,174.84</u>
Total Liabilities	<u>71,782.26</u>	<u>47,248.89</u>		<u>119,031.15</u>
Fund Balances:				
Restricted:				
Legally Restricted - Lease	0.02			0.02
Reserved Excess Surplus:				
Designated for Subsequent Year's Expenditures	117,581.07			117,581.07
Reserve for Excess Surplus	127,408.85			127,408.85
Capital Reserve	150,001.00			150,001.00
Maintenance Reserve	345,000.00			345,000.00
Emergency Reserve	50,000.00			50,000.00
Tuition Reserve	275,000.00			275,000.00
Debt Service Fund			1.65	1.65
Assigned:				
Year-End Encumbrances	84,358.18			84,358.18
Designated for Subsequent Year's Expenditures				
Unassigned	<u>238,827.20</u>			<u>238,827.20</u>
Total Fund Balances	<u>1,388,176.32</u>		<u>1.65</u>	<u>1,388,177.97</u>
Total Liabilities and Fund Balances	<u>\$ 1,459,958.58</u>	<u>\$ 47,248.89</u>	<u>\$ 1.65</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of Net Position. The bond issuance costs are \$75,812.41 and the accumulated amortization is \$18,953.10.

56,859.31

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$10,844,795.00 and the accumulated depreciation is \$3,846,049.00 (See Note 8).

6,998,746.00

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 9).

(3,931,028.63)

Accrued interest on long-term liabilities is not reported as a liability in the Fund.

(53,495.68)

Net Position of Governmental Activities

\$ 4,459,258.97

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local Sources:					
Local Tax Levy	\$ 6,955,365.00			\$ 406,409.00	\$ 7,361,774.00
Tuition - From Individuals	55,300.00				55,300.00
Tuition - From State	15,216.69				15,216.69
Transportation Fees From State	13,857.75				13,857.75
Interest Earned on Investments			\$ 63.12		63.12
Miscellaneous	64,611.86				64,611.86
Total - Local Sources	7,104,351.30		63.12	406,409.00	7,510,823.42
State Sources	787,914.71				787,914.71
Federal Sources		\$ 136,574.20			136,574.20
Total Revenues	7,892,266.01	136,574.20	63.12	406,409.00	8,435,312.33
Expenditures:					
Current:					
Regular Instruction	1,584,420.67	122,630.00			1,707,050.67
Special Education Instruction	414,625.80				414,625.80
Other Special Instruction	47,028.00				47,028.00
Other Instruction	68,814.36				68,814.36
Support Services and Undistributed Costs:					
Tuition	2,203,241.03				2,203,241.03
Student and Instruction Related Services	685,662.66	13,944.20			699,606.86
General Administration	238,303.09				238,303.09
School Administrative Services	104,927.66				104,927.66
Central Services	143,549.07				143,549.07
Administrative Information Technology	6,974.62				6,974.62
Plant Operations and Maintenance	379,812.98				379,812.98
Pupil Transportation	324,030.87				324,030.87
Employee Benefits	1,288,716.01				1,288,716.01
Debt Service:					
Interest and Other Charges				150,670.28	150,670.28
Principal				374,595.48	374,595.48
Capital Outlay	48,647.00				48,647.00
Total Expenditures	7,538,753.82	136,574.20		525,265.76	8,200,593.78
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	353,512.19		63.12	(118,856.76)	234,718.55
Other Financing Sources/(Uses):					
Transfer - Interest Earned in Capital Projects Fund	63.84				63.84
Transfer Out			(113,112.84)		(113,112.84)
Transfer In				113,049.00	113,049.00
Total Other Financing Sources/(Uses)	63.84		(113,112.84)	113,049.00	
Net Change in Fund Balances	353,576.03		(113,049.72)	(5,807.76)	234,718.55
Fund Balance - July 1	1,034,600.29		113,049.72	5,809.41	1,153,459.42
Fund Balance - June 30	\$ 1,388,176.32	\$ 0.00	\$ 0.00	\$ 1.65	\$ 1,388,177.97

SPRING LAKE HEIGHTS 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, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 234,718.55
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 depreciation exceeded capital outlays in the current fiscal year.</p>		
Depreciation Expense	<u>\$ (279,604.00)</u>	(279,604.00)
<p>Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		374,595.48
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		20,900.00
<p>Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the governmental funds.</p>		
		18,668.24
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
Current Year	(35,680.00)	
Prior Year	<u>45,300.00</u>	9,620.00
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation.</p>		
Current Year	(53,495.68)	
Prior Year	<u>58,897.98</u>	<u>5,402.30</u>
Change in Net Position of Governmental Activities		<u>\$ 384,300.57</u>

Proprietary Funds

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION

PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 36,116.41
Intergovernmental Receivables:	
State	198.82
Federal	3,910.03
Interfund Receivable - Due From General Operating Fund	15,766.13
Due From Students	248.19
Inventory	<u>2,556.62</u>
Total - Current Assets	<u>58,796.20</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	88,488.00
Less:	
Accumulated Depreciation	<u>(76,265.00)</u>
Total - Noncurrent Assets	<u>12,223.00</u>
Total Assets	<u><u>\$ 71,019.20</u></u>
Liabilities:	
Accounts Payable	\$ 15,292.89
Deferred Revenue	<u>1,098.49</u>
Total - Liabilities	<u><u>\$ 16,391.38</u></u>
Net Position:	
Invested in Capital Assets Net of Related Debt	\$ 12,223.00
Unrestricted	<u>42,404.82</u>
Total Net Position	<u><u>\$ 54,627.82</u></u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 70,947.14
Total Operating Revenues	<u>70,947.14</u>
Operating Expenses:	
Salaries	25,485.35
Employee Benefits	6,613.17
Purchased Professional/Technical Services	7,647.98
Other Purchased Services	7,839.90
Depreciation	1,074.00
Miscellaneous Expense	419.23
Supplies and Materials	5,733.31
Cost of Sales	<u>49,137.69</u>
Total Operating Expenses	<u>103,950.63</u>
Operating Income (Loss)	<u>(33,003.49)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	936.14
Federal Sources:	
National School Lunch Program	17,986.86
Food Distribution Program	<u>9,445.56</u>
Total Nonoperating Revenues	<u>28,368.56</u>
Change in Net Position	(4,634.93)
Total Net Position - Beginning	<u>59,262.75</u>
Total Net Position - Ending	<u>\$ 54,627.82</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 71,394.71
Payments To Employees	(32,098.52)
Payments To Suppliers	<u>(44,088.15)</u>
Net Cash Provided By/(Used For) Operating Activities	<u>(4,791.96)</u>
Net Increase in Cash and Cash Equivalents	(4,791.96)
Balance - Beginning of Year	<u>40,908.37</u>
Balance - End of Year	<u><u>\$ 36,116.41</u></u>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Income/(Loss):	\$ (33,003.49)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Depreciation	1,074.00
Donated Commodities Received During the Year	9,445.56
(Increase)/Decrease in Accounts Receivable	313.60
Increase/(Decrease) in Deferred Revenue	133.97
(Increase)/Decrease in Inventories	1,951.51
Increase/(Decrease) in Accounts Payable	<u>15,292.89</u>
Total Adjustments	<u>28,211.53</u>
Net Cash Provided By/(Used For) Operating Activities	<u><u>\$ (4,791.96)</u></u>

Fiduciary Fund

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>	<u>Totals</u>
Assets:			
Cash and Cash Equivalents	<u>\$ 43,179.30</u>	<u>\$ 27,116.81</u>	<u>\$ 70,296.11</u>
Total Assets	<u>\$ 43,179.30</u>	<u>\$ 27,116.81</u>	<u>\$ 70,296.11</u>
Liabilities:			
Payable To Student Groups		\$ 21,354.55	\$ 21,354.55
Payroll Deductions and Withholdings		<u>5,762.26</u>	<u>5,762.26</u>
Total Liabilities		<u>27,116.81</u>	<u>27,116.81</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 43,179.30</u>		<u>43,179.30</u>
Total Net Position	<u>43,179.30</u>		<u>43,179.30</u>
Total Liabilities and Net Position	<u>\$ 43,179.30</u>	<u>\$ 27,116.81</u>	<u>\$ 70,296.11</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Plan Member	\$ 5,326.21
Total Contributions	<u>5,326.21</u>
Investment Earnings:	
Interest	<u>45.72</u>
Net Investment Earnings	<u>45.72</u>
Total Additions	<u>5,371.93</u>
Deductions:	
Unemployment Claims	<u>3,518.91</u>
Total Deductions	<u>3,518.91</u>
Change in Net Position	1,853.02
Net Position - Beginning of Year	<u>41,326.28</u>
Net Position - End of Year	<u>\$ 43,179.30</u>

SPRING LAKE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Board of Education ("Board") of the Spring Lake Heights School District ("District") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. It also required new information and restructured much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards for the fiscal year-ending June 30, 2004, with the implementation of GASB Statement 34; the District has prepared required supplementary information titled Management's Discussion and Analysis, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No.65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement but it is expected to have a material impact on the financial statements for the year ended June 30, 2014.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Reporting Entity:

The Spring Lake Heights School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The Spring Lake Heights School District had an approximate enrollment of 375 students at June 30, 2013.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the Organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the Organization
- the District appoints a voting majority of the Organization's Board
- the District is able to impose its will on the Organization
- the Organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the Organization on the District

Based on the aforementioned criteria, the District has no component units.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School 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 between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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 activity 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 requirements 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 for each Fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this Fund. 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 Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (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.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported Net Position is segregated into invested in capital assets net of related debt and unrestricted, if applicable. Proprietary Fund-type operating statements present increases/(revenues) and decreases/(expenses) in total Net Position.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2013, the District had no Non-Expendable Trust Funds.

Agency Funds - Agency Funds are 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. Agency Funds include Payroll and Student Activities Funds.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on 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; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of 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. 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 is 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 transaction 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 general 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 of general 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, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control:

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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund. The legal level of budgetary control is established at line item accounts within each Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. 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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund-types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2013, there was a reconciling difference of (\$3,955.00) between the budgetary basis and GAAP basis in the General Fund and of (\$150.00) in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Explanation of Differences 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) "revenues" from the Budgetary Comparison Schedules	\$ 7,896,221.01	\$ 136,724.20
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances		(150.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	24,322.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(28,277.00)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,892,266.01</u>	<u>\$ 136,574.20</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 7,538,753.82	\$ 136,724.20
Difference – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less: Current Year Encumbrances		<u>(150.00)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,538,753.82</u>	<u>\$ 136,574.20</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrance Accounting:

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

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

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	40
Building Improvements	40
Carpeting	7
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15
Site Improvements	10-20
Custodial Equipment	5-10

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting 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 the employees earn the rights to the benefits.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences (Cont'd):

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

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, 2013, no liability existed for compensated absences in the Food Service Fund.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

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. Bonds are recognized as a liability on the fund financial statements when due.

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt 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 are 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 Position are available.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years expenditures.

Revenues – Exchange and Nonexchange Transactions:

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

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 income 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 Nonexchange Transactions must also be available before it can be recognized.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Operating Revenues and Expenses:

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

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 that 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 attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt 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 in occurrence. Special Items are transactions or events that are within the 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

2. RESERVE ACCOUNTS

A. Capital Reserve Account:

A Capital Reserve Account was established by the Spring Lake Heights Board of Education by inclusion of \$1.00 in March, 2001 for the accumulation of funds for use as Capital Outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

During the fiscal year ended June 30, 2013, the District had no actual interest earnings.

The activity of the Capital Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 1.00
Add:	
Board Resolution June 24, 2013	<u>150,000.00</u>
Ending Balance, June 30, 2013	<u>\$ 150,001.00</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2013 is \$292,500.00

B. Emergency Reserve Account:

An Emergency Reserve Account was established by the Spring Lake Heights Board of Education for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated General Fund expenditures required for a thorough and efficient education.

There was no activity in the Emergency Reserve Account for July 1, 2012 through June 30, 2013. The balance at June 30, 2013 is \$50,000.00

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

2. RESERVE ACCOUNTS (CONT'D)

C. Maintenance Reserve Account:

A Maintenance Reserve Account was established by the Spring Lake Heights Board of Education by inclusion of \$250,000.00 for the accumulation of funds for use as maintenance of Capital Projects 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. Funds placed in the Maintenance Reserve Account are restricted to the maintenance of completed Capital Projects in the District's LRFP.

The activity of the Maintenance Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 220,000.00
Add:	
Board Contributions	<u>125,000.00</u>
Ending Balance, June 30, 2013	<u>\$ 345,000.00</u>

D. Tuition Reserve Account

A Tuition Reserve Account was established by the Spring Lake Heights Board of Education by inclusion of \$285,000.00 for the accumulation of funds. The Tuition Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Tuition Reserve Account are restricted for a foreseeable future tuition adjustment.

The activity of the Tuition Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 285,000.00
Add:	
Board Contributions	<u>150,000.00</u>
Less:	
Withdrawals 2012/2013 Budget	<u>(160,000.00)</u>
Ending Balance, June 30, 2013	<u>\$ 275,000.00</u>

3. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2013, the District transferred \$21,730.00, for equipment, to the Capital Outlay accounts.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

4. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at June 30, 2013 and 2012 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2013 and 2012, the book value of the Board's deposits were \$1,468,048.04 and \$1,367,166.83, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposits might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2013 and 2012, the Board's bank balances of \$1,742,970.01 and \$1,433,406.55, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2013</u>	<u>2012</u>
Insured	\$ 1,742,970.01	\$ 1,433,406.55
Uninsured and Uncollateralized	<u>0.00</u>	<u>0.00</u>
	<u>\$ 1,742,970.01</u>	<u>\$ 1,433,406.55</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

4. DEPOSITS AND INVESTMENTS (CONT'D)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

5. RECEIVABLES

Receivables at June 30, 2013, consisted of interfund, and intergovernmental. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
Government Activities:		
Federal Aid	\$ 47,248.89	\$ 47,248.89
State Aid	54,549.24	54,549.24
Other Receivables	1,200.00	1,200.00
Interfunds	<u>42,575.45</u>	<u>0.00</u>
	145,573.58	102,998.13
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 145,573.58</u>	<u>\$ 102,998.13</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

6. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2013 consist of the following:

\$ 42,575.45	Due to General Operating Fund from Special Revenue Fund representing a cash advance
<u>15,766.13</u>	Due to Enterprise Fund from General Operating Fund representing interest income
<u>\$ 58,341.58</u>	

Transfers

As of June 30, 2013, the District's operating transfers consisted of \$63.84 of interest earnings from the Capital Projects Fund to the General Operating Fund, \$113,049.00 of unexpended bond proceeds from the Capital Projects Fund to the Debt Service Fund.

7. INVENTORY

Inventory in the Food Service Fund at June 30, 2013, consisted of the following:

Food	\$ 2,185.35
Supplies	<u>371.27</u>
	<u>\$ 2,566.62</u>

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) 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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,000.00			\$ 5,000.00
Total Capital Assets Not Being Depreciated	5,000.00			5,000.00
Capital Assets Being Depreciated:				
Site Improvements	174,482.00			174,482.00
Building and Building Improvements	9,954,231.00			9,954,231.00
Machinery and Equipment	711,082.00			711,082.00
Totals at Historical Cost	10,839,795.00			10,839,795.00
Less Accumulated Depreciation for:				
Site Improvements	(120,956.00)	\$ (8,438.00)		(129,394.00)
Building and Building Improvements	(2,884,888.00)	(239,979.00)		(3,124,867.00)
Machinery and Equipment	(560,601.00)	(31,187.00)		(591,788.00)
Total Accumulated Depreciation	(3,566,445.00)	(279,604.00)		(3,846,049.00)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	7,273,350.00	(279,604.00)		6,993,746.00
Government Activity Capital Assets, Net	7,278,350.00	(279,604.00)		6,998,746.00
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	88,488.00			88,488.00
Less Accumulated Depreciation	(75,191.00)	(1,074.00)		(76,265.00)
Enterprise Fund Capital Assets, Net	\$ 13,297.00	\$ (1,074.00)	\$ 0.00	\$ 12,223.00

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

8. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense for the fiscal year ended June 30, 2013 amounted to \$279,604.00 for governmental funds and none for business-type funds. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve various functions.

9. LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2013, are as follows:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2013</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 3,995,000.00		\$ 350,000.00	\$ 3,645,000.00	\$ 360,000.00
Capital Leases Payable	20,900.00		20,900.00		
Compensated Absences Payable	45,300.00		9,620.00	35,680.00	
Loans Payable - N.J.E.D.A.	<u>50,070.60</u>	<u> </u>	<u>24,595.48</u>	<u>25,475.12</u>	<u>25,475.12</u>
	<u>\$ 4,111,270.60</u>	<u>\$ 0.00</u>	<u>\$ 405,115.48</u>	<u>\$ 3,706,155.12</u>	<u>\$ 385,475.12</u>
Less:					
Net Premium/(Discount)				\$ 224,873.51	
Current Portion of Long-Term Debt				<u>(385,475.12)</u>	
				<u>\$ 3,545,553.51</u>	

Compensated absences and capital leases have been liquidated in the General Fund.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

9. LONG-TERM OBLIGATIONS (CONT'D)

B. Bonds Payable

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Debt Service Requirements on serial bonds payable at June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 360,000.00	\$ 138,450.00	\$ 498,450.00
2015	375,000.00	127,650.00	502,650.00
2016	385,000.00	116,400.00	501,400.00
2017	400,000.00	101,000.00	501,000.00
2018	415,000.00	85,000.00	500,000.00
2019	435,000.00	68,400.00	503,400.00
2020	430,000.00	51,000.00	481,000.00
2021	425,000.00	33,800.00	458,800.00
2022	<u>420,000.00</u>	<u>16,800.00</u>	<u>436,800.00</u>
	<u>\$ 3,645,000.00</u>	<u>\$ 738,500.00</u>	<u>\$ 4,383,500.00</u>

C. Bonds Authorized But Not Issued

As of June 30, 2013, the District had no authorized but not issued bonds.

D. Capital Leases

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets and the General Long-Term Debt, respectively. Assets under capital leases total \$97,000.00. The lease payments were satisfied as of June 30, 2013.

E. Loans Payable - N.J.E.D.A.

The loan payable is a school facilities loan which is administered by, and payable to, the New Jersey Economic Development Authority. The loan is for renovation and improvements.

Principal and interest due on loans outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 25,475.12</u>	<u>\$ 581.18</u>	<u>\$ 26,056.30</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

10. DEFERRED BOND ISSUANCE COSTS

In the governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The amortization expense for the fiscal year ended June 30, 2013 amounted to \$6,317.70.

11. OPERATING LEASES

Not Applicable.

12. 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 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 is required supplementary information for the Public Employees Retirement Systems 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, 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 was established in January, 1955 under the provisions 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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

12. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions - The vesting and benefit provisions for 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 eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members always full 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 account.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 5.5% for calendar years 1998 and 1999, and to allow for reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and to change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

12. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 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. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate in both TPAF and PERS. The actuarially-determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 36,705.00	100.00%	\$ 0.00
2012	42,646.00	100.00	0.00
2011	46,265.00	100.00	0.00

Three-Year Trend Information for TPAF (Paid on Behalf of District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 295,308.00	100.00%	\$ 0.00
2012	202,670.00	100.00%	0.00
2011	156,956.00	100.00	0.00

During the year ended June 30, 2013, the State of New Jersey contributed \$6,927.00 to the Teachers' Pension and Annuity Fund for NCGI, \$131,666.00 for normal contributions, and \$156,715.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$168,967.51 during the year ended June 30, 2013 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 general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

13. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2013, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2013, 2012, and 2011 were \$295,308.00, \$202,670.00, and \$156,956.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

14. DEFERRED COMPENSATION

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

AXA Equitable

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

15. 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 commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012/13		\$ 5,326.21	\$ 3,518.91	\$ 43,179.30
2011/12	\$ 10,000.00	4,948.27	2,902.73	41,326.28
2010/11	24,853.00	6,257.52	26,282.52	29,250.86

16. CONTINGENT LIABILITIES

Grant Programs

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

17. FUND BALANCE DISCLOSURE

The District has implemented GASB 54.

Fund balances will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Restricted	\$ 1,064,990.94		\$ 1.65		\$ 1,064,992.59
Assigned	84,358.18				84,358.18
Unassigned	<u>238,827.20</u>				<u>238,827.20</u>
	<u>\$ 1,388,176.32</u>	<u>\$ 0.00</u>	<u>\$ 1.65</u>	<u>\$ 0.00</u>	<u>\$ 1,388,177.97</u>

18. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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, 2013 is \$127,408.85.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 6,955,365.00		\$ 6,955,365.00	\$ 6,955,365.00	
Tuition	31,150.00		31,150.00	55,300.00	\$ 24,150.00
Tuition From State				15,216.69	15,216.69
Transportation Fees From State				13,857.75	13,857.75
Unrestricted Miscellaneous Revenues	33,500.00		33,500.00	64,611.86	31,111.86
Total Local Sources	7,020,015.00		7,020,015.00	7,104,351.30	84,336.30
State Sources:					
Categorical Special Education Aid	280,582.00		280,582.00	280,582.00	
Categorical Security Aid	7,454.00		7,454.00	7,454.00	
Categorical Transportation Aid	22,454.00		22,454.00	22,454.00	
Extraordinary Aid				16,324.00	16,324.00
Other State Aids				780.20	780.20
TPAF Contributions (On-Behalf - Non-Budgeted)				131,666.00	131,666.00
TPAF Pension NCGI (On-Behalf - Non-Budgeted)				6,927.00	6,927.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				156,715.00	156,715.00
TPAF Social Security (Reimbursed - Non-Budgeted)				168,967.51	168,967.51
Total State Sources	310,490.00		310,490.00	791,869.71	481,379.71
Total Revenues	7,330,505.00		7,330,505.00	7,896,221.01	565,716.01
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	190,640.00	\$ (3,600.00)	187,040.00	185,467.47	1,572.53
Grades 1-5	765,125.00	841.00	765,966.00	762,540.08	3,425.92
Grades 6-8	472,465.00	(2,240.00)	470,225.00	468,465.45	1,759.55
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000.00	1,074.00	2,074.00	2,071.75	2.25
Regular Programs - Undistributed Instruction:					
Purchased Technical Services		5,228.00	5,228.00	4,747.23	480.77
Other Purchased Services	31,820.00	(13,903.00)	17,917.00	16,878.29	1,038.71
General Supplies	112,600.00	77,152.00	189,752.00	127,539.96	62,212.04
Textbooks	60,000.00	(45,752.00)	14,248.00	14,138.29	109.71
Other Objects	2,660.00		2,660.00	2,572.15	87.85
Total Regular Programs - Instruction	1,636,310.00	16,800.00	1,655,110.00	1,584,420.67	70,689.33
Special Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	363,965.00	51,226.00	415,191.00	412,261.95	2,929.05
Other Salaries for Instruction	18,485.00	(16,117.00)	2,368.00	2,363.85	4.15
General Supplies	500.00	(500.00)			
Total Spec. Educ. - Instruction - Resource Room/Resource Center	382,950.00	34,609.00	417,559.00	414,625.80	2,933.20
Total Special Education - Instruction	382,950.00	34,609.00	417,559.00	414,625.80	2,933.20
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	49,395.00	(10,367.00)	39,028.00	39,028.00	
General Supplies	500.00	(500.00)			
Total Basic Skills/Remedial - Instruction	49,895.00	(10,867.00)	39,028.00	39,028.00	
Bilingual Education - Instruction:					
Salaries of Teachers	8,373.00	(328.00)	8,045.00	8,000.00	45.00
General Supplies	500.00	(500.00)			
Total Bilingual Education - Instruction	8,873.00	(828.00)	8,045.00	8,000.00	45.00
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	17,000.00	9,106.00	26,106.00	23,443.50	2,662.50
Purchased Services	2,600.00	(2,600.00)			
Total Sch. Sponsored Co/Extra-Curricular Activities - Instruction	19,600.00	6,506.00	26,106.00	23,443.50	2,662.50

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
School Sponsored Athletics - Instruction:					
Salaries	33,000.00	582.00	33,582.00	32,732.00	850.00
Purchased Services	7,000.00	(1,903.00)	5,097.00	5,032.00	65.00
Supplies and Materials	4,000.00	(59.00)	3,941.00	3,916.86	24.14
Other Objects	2,090.00	(340.00)	1,750.00	1,600.00	150.00
Total School Sponsored Athletics - Instruction	46,090.00	(1,720.00)	44,370.00	43,280.86	1,089.14
Other Instructional Programs - Instruction:					
Purchased Services	3,000.00	(910.00)	2,090.00	2,090.00	
Total Other Instructional Programs - Instruction	3,000.00	(910.00)	2,090.00	2,090.00	
Total - Instruction	2,146,718.00	45,590.00	2,192,308.00	2,114,888.83	77,419.17
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Regular	1,580,485.00		1,580,485.00	1,575,439.56	5,045.44
Tuition To Other LEAs Within the State - Special	283,315.00	(97,564.00)	185,751.00	185,290.61	460.39
Tuition To County Vocational School District - Regular	114,500.00	(19,194.00)	95,306.00	90,900.00	4,406.00
Tuition To County Vocational School District - Special	15,300.00		15,300.00	15,300.00	
Tuition To Private Schools for the Disabled Within State	372,002.00	5,770.00	377,772.00	335,292.86	42,479.14
Tuition - Other		1,500.00	1,500.00	1,018.00	482.00
Total Undist. Expend. - Instruction	2,365,602.00	(109,488.00)	2,256,114.00	2,203,241.03	52,872.97
Undist. Expend. - Attendance and Social Work Services:					
Salaries	38,990.00	(2,704.00)	36,286.00	34,067.37	2,218.63
Purchased Professional and Technical Services	7,400.00		7,400.00	6,835.15	564.85
Total Undist. Expend. - Attendance and Social Work Services	46,390.00	(2,704.00)	43,686.00	40,902.52	2,783.48
Undist. Expend. - Health Services:					
Salaries	74,355.00	9,019.00	83,374.00	83,274.00	100.00
Purchased Professional and Technical Services	2,650.00	9,437.00	12,087.00	9,779.09	2,307.91
Supplies and Materials	300.00	3,783.00	4,083.00	4,082.27	0.73
Other Objects	320.00	(210.00)	110.00	110.00	
Total Undist. Expend. - Health Services	77,625.00	22,029.00	99,654.00	97,245.36	2,408.64
Undist. Expend. - Speech, OT, PT & Related Svcs:					
Salaries	106,215.00	(4,564.00)	101,651.00	95,001.50	6,649.50
Purchased Professional - Educational Services	1,517.00	1,300.00	2,817.00	1,950.00	867.00
Total Undist. Expend. - Speech, OT, PT & Related Svcs.	107,732.00	(3,264.00)	104,468.00	96,951.50	7,516.50
Undist. Expend. - Other Support Serv. Students - Extraord. Svc:					
Salaries	81,050.00	(5,703.00)	75,347.00	67,048.38	8,298.62
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Svc.	81,050.00	(5,703.00)	75,347.00	67,048.38	8,298.62
Undist. Expend. - Guidance - Regular:					
Salaries Other Professional Staff	50,000.00	(8,500.00)	41,500.00	22,628.52	18,871.48
Other Purchased Professional and Technical Services	1,000.00		1,000.00	443.80	556.20
Supplies and Materials	1,000.00	2,500.00	3,500.00	3,067.30	432.70
Total Undist. Expend. - Guidance - Regular	52,000.00	(6,000.00)	46,000.00	26,139.62	19,860.38
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	110,655.00	4,670.00	115,325.00	111,500.08	3,824.92
Salaries of Secretarial and Clerical Assistants	14,140.00	280.00	14,420.00	14,419.92	0.08
Other Purchased Professional and Technical Services	1,600.00	(30.00)	1,570.00	775.00	795.00
Miscellaneous Purchased Services (Other Than Resid. Costs)	3,300.00	(620.00)	2,680.00	2,555.13	124.87
Supplies and Materials	2,100.00	350.00	2,450.00	2,448.41	1.59
Total Undist. Expend. - Child Study Teams	131,795.00	4,650.00	136,445.00	131,698.54	4,746.46

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	80,540.00	9,460.00	90,000.00	90,000.00	
Salaries of Other Professional Staff	10,000.00		10,000.00	180.00	9,820.00
Salaries of Secretarial and Clerical Assistants	14,140.00	280.00	14,420.00	14,419.92	0.08
Purchased Professionals - Ed. Services		300.00	300.00		300.00
Other Purchased Services	4,540.00	(1,080.00)	3,460.00	1,584.00	1,876.00
Supplies and Materials	500.00		500.00		500.00
Other Objects	450.00	800.00	1,250.00	1,089.00	161.00
Total Undist. Expend. - Improvement of Instructional Services	110,170.00	9,760.00	119,930.00	107,272.92	12,657.08
Undist. Expend. - Educational Media/School Library:					
Salaries	81,945.00	(4,155.00)	77,790.00	63,554.40	14,235.60
Salaries of Technology Coordinators	26,580.00		26,580.00	26,316.96	263.04
Purchased Professional and Technical Services		6,155.00	6,155.00	6,155.00	
Other Purchased Services	7,195.00	(2,000.00)	5,195.00	2,779.95	2,415.05
Supplies and Materials	5,200.00		5,200.00	4,831.41	368.59
Other Objects	2,200.00		2,200.00		2,200.00
Total Undist. Expend. - Educational Media/School Library	123,120.00		123,120.00	103,637.72	19,482.28
Undist. Expend. - Instructional Staff Training Services:					
Purchased Professional- Educational Services	10,000.00	(2,950.00)	7,050.00	5,665.67	1,384.33
Other Purchased Services	10,000.00	2,950.00	12,950.00	9,100.43	3,849.57
Total Undist. Expend. - Instructional Staff Training Services	20,000.00		20,000.00	14,766.10	5,233.90
Undist. Expend. - Support Services - General Administration:					
Salaries	124,025.00	1,650.00	125,675.00	120,705.60	4,969.40
Legal Services	20,000.00		20,000.00	16,987.76	3,012.24
Audit Fees	16,270.00		16,270.00	16,270.00	
Other Purchased Professional Services	7,850.00	4,500.00	12,350.00	12,059.54	290.46
Communications/Telephone	28,105.00	(9,056.00)	19,049.00	18,775.09	273.91
BOE Other Purchased Services	2,200.00		2,200.00	1,837.84	362.16
Miscellaneous Purchased Services	23,235.00	(5,994.00)	17,241.00	8,889.89	8,351.11
General Supplies	3,660.00	1,000.00	4,660.00	4,652.26	7.74
BOE In-House Training/Meeting Supplies	500.00		500.00	475.13	24.87
Judgements Against the School District		30,600.00	30,600.00	29,837.70	762.30
Miscellaneous Expenditures	2,600.00	700.00	3,300.00	2,797.78	502.22
BOE Membership Dues and Fees	6,000.00		6,000.00	5,014.50	985.50
Total Undist. Expend. - Support Services - Gen. Administration	234,445.00	23,400.00	257,845.00	236,303.09	19,541.91
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	67,500.00	(163.00)	67,337.00	63,114.96	4,222.04
Salaries of Secretarial and Clerical Assistants	20,095.00	434.00	20,529.00	20,460.87	68.13
Purchased Professional and Technical Services	25,000.00	(271.00)	24,729.00	17,500.00	
Other Purchased Services	1,600.00		1,600.00	151.84	1,448.16
Supplies and Materials	2,700.00		2,700.00	2,699.99	0.01
Other Objects	2,000.00		2,000.00	1,000.00	1,000.00
Total Undist. Expend. - Supp. Services - School Administration	118,895.00		118,895.00	104,927.66	13,967.34
Undist. Expend. - Support Services - Central Services:					
Salaries	74,635.00		74,635.00	69,625.45	5,009.55
Purchased Professional Services	66,400.00		66,400.00	60,600.00	5,800.00
Purchased Technical Services	15,800.00		15,800.00	11,410.50	4,389.50
Miscellaneous Purchased Services	1,000.00		1,000.00		1,000.00
Supplies and Materials	2,000.00	(247.48)	1,752.52	1,140.64	611.88
Interest on Lease Purchase Agreements	525.00	247.48	772.48	772.48	
Miscellaneous Expenditures	100.00		100.00		100.00
Total Undist. Expend. - Support Services - Central Services	160,460.00		160,460.00	143,549.07	16,910.93
Undist. Expend. - Support Services - Admin Info Tech:					
Salaries	6,490.00		6,490.00	6,426.96	63.04
Supplies and Materials	1,200.00		1,200.00	547.66	652.34
Total Undist. Expend. - Support Services - Admin Info Tech	7,690.00		7,690.00	6,974.62	715.38

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	60,000.00		60,000.00	22,016.40	37,983.60
General Supplies	7,000.00		7,000.00	939.42	6,060.58
Total Undist. Expend. - Required Maintenance for School Facilities	67,000.00		67,000.00	22,955.82	44,044.18
Undist. Expend. - Other Oper. & Maint. of Plant:					
Salaries	155,473.00	(2,680.00)	152,793.00	147,740.08	5,052.92
Salaries of Non-Instructional Aides	5,075.00	4,137.00	9,212.00	8,398.81	813.19
Purchased Professional and Technical Services	12,200.00		12,200.00	9,242.32	2,957.68
Cleaning, Repair and Maintenance Services	25,000.00	8,700.00	33,700.00	28,793.90	4,906.10
Other Purchased Property Services	4,000.00	(100.00)	3,900.00		3,900.00
Insurance	26,427.00		26,427.00	24,008.00	2,419.00
Travel		250.00	250.00		250.00
Miscellaneous Purchased Services	250.00	(250.00)			
General Supplies	24,630.00		24,630.00	16,948.18	7,681.82
Energy (Natural Gas)	45,000.00	(4,957.00)	40,043.00	29,439.04	10,603.96
Energy (Electricity)	156,000.00	(11,316.00)	144,684.00	74,520.83	70,163.17
Total Undist. Expend. - Other Oper. & Maint. of Plant	454,055.00	(6,216.00)	447,839.00	339,091.16	108,747.84
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	10,000.00	6,216.00	16,216.00	16,216.00	
General Supplies	2,000.00		2,000.00	1,550.00	450.00
Total Care & Upkeep of Grounds	12,000.00	6,216.00	18,216.00	17,766.00	450.00
Total Undist. Expend. - Oper. & Maint. of Plant	533,055.00		533,055.00	379,812.98	153,242.02
Undist. Expend. - Student Transportation Services:					
Contracted Services (Other Than Bet. Home & School) - Vendors	6,000.00		6,000.00	150.00	5,850.00
Contracted Services (Regular Students) - ESCs & CTAs	163,500.00	(12,224.00)	151,276.00	148,737.12	2,538.88
Contracted Services (Special Ed. Students) - ESCs & CTAs	162,920.00	12,224.00	175,144.00	175,143.75	0.25
Contracted Services - Aid in Lieu of Payments - NonPublic Sch.	1,000.00		1,000.00		1,000.00
Total Undist. Expend. - Student Transportation Services	333,420.00		333,420.00	324,030.87	9,389.13
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	65,000.00		65,000.00	61,207.71	3,792.29
Other Retirement Contributions - Regular	50,000.00		50,000.00	41,066.26	8,933.74
Unemployment Compensation	5,000.00		5,000.00	153.00	4,847.00
Workmen's Compensation	38,500.00		38,500.00	33,683.39	4,816.61
Health Benefits	739,665.00	(12,115.00)	727,550.00	657,909.59	69,640.41
Tuition Reimbursement	5,000.00	5,900.00	10,900.00	10,716.00	184.00
Other Employee Benefits	20,000.00	6,215.00	26,215.00	19,704.55	6,510.45
Total Unallocated Benefits - Employee Benefits	923,165.00		923,165.00	824,440.50	98,724.50
TPAF Contributions (On-Behalf - Non-Budgeted)					
TPAF Pension NCGI (On-Behalf - Non-Budgeted)				131,666.00	(131,666.00)
TPAF Pension NCGI (On-Behalf - Non-Budgeted)				6,927.00	(6,927.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				156,715	(156,715.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				168,967.51	(168,967.51)
Total On-Behalf Contributions				464,275.51	(464,275.51)
Total Personal Services - Employee Benefits	923,165.00		923,165.00	1,288,716.01	(365,551.01)
Total Undistributed Expenditures	5,426,614.00	(67,320.00)	5,359,294.00	5,375,217.99	(15,923.99)
Total Expenditures - Current Expense	7,573,332.00	(21,730.00)	7,551,602.00	7,490,106.82	61,495.18
CAPITAL OUTLAY					
Undistributed Expenditures:					
Instruction		21,730.00	21,730.00		21,730.00
Total Equipment		21,730.00	21,730.00		21,730.00

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	20,900.00		20,900.00	20,900.00	
Assessment for Debt Service on SDA Funding	27,747.00		27,747.00	27,747.00	
Total Facilities Acquisition and Construction Services	48,647.00		48,647.00	48,647.00	
Total Capital Outlay	48,647.00	21,730.00	70,377.00	48,647.00	21,730.00
Total Expenditures	7,621,979.00		7,621,979.00	7,538,753.82	83,225.18
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(291,474.00)		(291,474.00)	357,467.19	648,941.19
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Interest Earned in Capital Projects Fund				63.84	63.84
Total Other Financing Sources/(Uses)				63.84	63.84
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(291,474.00)		(291,474.00)	357,531.03	649,005.03
Fund Balances, July 1	1,058,922.29		1,058,922.29	1,058,922.29	
Fund Balances, June 30	\$ 767,448.29	\$ 0.00	\$ 767,448.29	\$ 1,416,453.32	\$ 649,005.03
Recapitulation:					
Restricted :					
Legally Restricted - Lease				\$ 0.02	
Excess Surplus - Designated for Subsequent Year's Expenditures				117,581.07	
Reserve for Excess Surplus				127,408.85	
Capital Reserve				150,001.00	
Maintenance Reserve				345,000.00	
Emergency Reserve				50,000.00	
Tuition Reserve				275,000.00	
Assigned:					
Year-End Encumbrances				84,358.18	
Unassigned				267,104.20	
				1,416,453.32	
Reconciliation To Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(28,277.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,388,176.32	

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Fiscal year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance Final To Actual
Revenues:			
Federal Sources	\$ 138,729.31	\$ 136,724.20	\$ (2,005.11)
Total Revenues	<u>138,729.31</u>	<u>136,724.20</u>	<u>(2,005.11)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	3,356.00	1,678.00	1,678.00
Other Purchased Services	109,764.00	109,763.00	1.00
General Supplies	<u>11,190.00</u>	<u>11,189.00</u>	<u>1.00</u>
Total Instruction	<u>124,310.00</u>	<u>122,630.00</u>	<u>1,680.00</u>
Support Services:			
Professional & Technical Services	6,839.31	6,680.00	159.31
Supplies and Materials	<u>7,580.00</u>	<u>7,414.20</u>	<u>165.80</u>
Total Support Services	<u>14,419.31</u>	<u>14,094.20</u>	<u>325.11</u>
Total Expenditures	<u>138,729.31</u>	<u>136,724.20</u>	<u>2,005.11</u>
Total Outflows	<u>138,729.31</u>	<u>136,724.20</u>	<u>2,005.11</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2013

Explanation of Differences 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) "revenues" from the Budgetary Comparison Schedules	\$ 7,896,221.01	\$ 136,724.20
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances		(150.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	24,322.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(28,277.00)</u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,892,266.01</u>	<u>\$ 136,574.20</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 7,538,753.82	\$ 136,724.20
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less: Current Year Encumbrances	<u> </u>	<u>(150.00)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,538,753.82</u>	<u>\$ 136,574.20</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2013

	I.D.E.A. Part B Basic	I.D.E.A. Part B Preschool	Title I Part A	Title I Part A Summer	Title II Part A	Title II Part A Summer	Totals
<u>Revenues</u>							
Federal Sources	\$ 108,410.00	\$ 1,353.00	\$ 12,808.00	\$ 59.00	\$ 13,893.20	\$ 201.00	\$ 136,724.20
Total Revenues	<u>\$ 108,410.00</u>	<u>\$ 1,353.00</u>	<u>\$ 12,808.00</u>	<u>\$ 59.00</u>	<u>\$ 13,893.20</u>	<u>\$ 201.00</u>	<u>\$ 136,724.20</u>
<u>Expenditures</u>							
Instruction:							
Salaries of Teachers			\$ 1,678.00				\$ 1,678.00
Other Purchased Services	\$ 108,410.00	\$ 1,353.00					109,763.00
General Supplies			11,130.00	\$ 59.00			11,189.00
Total Instruction	<u>108,410.00</u>	<u>1,353.00</u>	<u>12,808.00</u>	<u>59.00</u>			<u>122,630.00</u>
Support Services:							
Professional & Technical Services					\$ 6,479.00	\$ 201.00	6,680.00
Supplies and Materials					7,414.20		7,414.20
Total Support Services					<u>13,893.20</u>	<u>201.00</u>	<u>14,094.20</u>
Total Expenditures	<u>\$ 108,410.00</u>	<u>\$ 1,353.00</u>	<u>\$ 12,808.00</u>	<u>\$ 59.00</u>	<u>\$ 13,893.20</u>	<u>\$ 201.00</u>	<u>\$ 136,724.20</u>

F. Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the year ended June 30, 2013

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Canceled Prior Years</u>	<u>Canceled Current Years</u>	<u>Expenditures To Date Prior Years</u>	<u>Unexpended Balance</u>
New Construction and Renovations	12/11/01	\$ 9,900,000.00	\$ 537,539.72	\$ 113,049.00	\$ 9,249,411.28	
		<u>\$ 9,900,000.00</u>	<u>\$ 537,539.72</u>	<u>\$ 113,049.00</u>	<u>\$ 9,249,411.28</u>	<u>\$ 0.00</u>
				Fund Balance (B-1)		<u>\$ 0.00</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS

For the year ended June 30, 2013

Revenues and Other Financing Sources:	
Local Income - Interest	\$ 63.12
	<u>63.12</u>
Total Revenues	<u>63.12</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	<u>63.12</u>
Other Financing Sources/(Uses):	
Transfer - Budgeted in Debt Service Fund	(113,049.00)
Transfer - Interest Earned To General Operating Fund	<u>(63.84)</u>
Total Other Financing Sources/(Uses)	<u>(113,112.84)</u>
Net Change in Fund Balance	(113,049.72)
Fund Balance - July 1	<u>113,049.72</u>
Fund Balance - June 30	<u><u>\$ 0.00</u></u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

For the year ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ 3,206,726.00		\$ 3,206,726.00	\$ 3,206,726.00
Bond Proceeds and Transfers	6,155,735.00	\$ (113,049.72)	6,042,685.28	6,693,000.00
Transfer From Capital Outlay				274.00
Total Revenues	<u>9,362,461.00</u>	<u>(113,049.72)</u>	<u>9,249,411.28</u>	<u>9,900,000.00</u>
Expenditures and Other Financing Sources:				
Purchased Professional and Technical Services	1,532,730.12		1,532,730.12	1,532,730.12
Construction Services	7,716,681.16		7,716,681.16	8,367,269.88
Total Expenditures	<u>9,249,411.28</u>		<u>9,249,411.28</u>	<u>9,900,000.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 113,049.72</u>	<u>\$ (113,049.72)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Date	12/11/01			
Grant Date	03/08/02			
Bond Authorization Date	02/15/02			
Bonds Authorized	\$ 6,693,000.00			
Bonds Issued	6,693,000.00			
Original Authorization Cost	9,900,000.00			
Additional Authorization Cost	Not Applicable			
Revised Authorization Cost	Not Applicable			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	100%			
Original Target Completion Date	12/04			
Revised Target Completion Date	N/A			

G. Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

Enterprise Funds

Internal Service Fund

Not Applicable

H. Fiduciary Fund

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

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.

Unemployment Agency Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>	<u>Totals</u>
<u>Assets</u>			
Cash and Cash Equivalents	<u>\$ 43,179.30</u>	<u>\$ 27,116.81</u>	<u>\$ 70,296.11</u>
Total Assets	<u><u>\$ 43,179.30</u></u>	<u><u>\$ 27,116.81</u></u>	<u><u>\$ 70,296.11</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Payable To Student Groups		\$ 21,354.55	\$ 21,354.55
Payroll Deductions and Withholdings		<u>5,762.26</u>	<u>5,762.26</u>
Total Liabilities		<u>27,116.81</u>	<u>27,116.81</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 43,179.30</u>		<u>43,179.30</u>
Total Net Position	<u>43,179.30</u>		<u>43,179.30</u>
Total Liabilities and Net Position	<u><u>\$ 43,179.30</u></u>	<u><u>\$ 27,116.81</u></u>	<u><u>\$ 70,296.11</u></u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	Unemployment Compensation <u>Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Plan Member	\$ 5,326.21	\$ 5,326.21
Total Contributions	<u>5,326.21</u>	<u>5,326.21</u>
Investment Earnings:		
Interest	<u>45.72</u>	<u>45.72</u>
Net Investment Earnings	<u>45.72</u>	<u>45.72</u>
Total Additions	<u>5,371.93</u>	<u>5,371.93</u>
Deductions:		
Unemployment Claims	<u>3,518.91</u>	<u>3,518.91</u>
Total Deductions	<u>3,518.91</u>	<u>3,518.91</u>
Change in Net Position	1,853.02	1,853.02
Net Position - Beginning of Year	<u>41,326.28</u>	<u>41,326.28</u>
Net Position - End of Year	<u>\$ 43,179.30</u>	<u>\$ 43,179.30</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2013

	Balance July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2013</u>
Spring Lake Heights Activities Account	\$ <u>15,179.23</u>	\$ <u>32,742.19</u>	\$ <u>26,566.87</u>	\$ <u>21,354.55</u>
Total Assets	\$ <u><u>15,179.23</u></u>	\$ <u><u>32,742.19</u></u>	\$ <u><u>26,566.87</u></u>	\$ <u><u>21,354.55</u></u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2013

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
<u>Assets</u>				
Cash	<u>\$ 975.33</u>	<u>\$ 1,347,577.81</u>	<u>\$ 1,342,790.88</u>	<u>\$ 5,762.26</u>
Total Assets	<u>\$ 975.33</u>	<u>\$ 1,347,577.81</u>	<u>\$ 1,342,790.88</u>	<u>\$ 5,762.26</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	<u>\$ 975.33</u>	<u>\$ 1,347,577.81</u>	<u>\$ 1,342,790.88</u>	<u>\$ 5,762.26</u>
Total Liabilities	<u>\$ 975.33</u>	<u>\$ 1,347,577.81</u>	<u>\$ 1,342,790.88</u>	<u>\$ 5,762.26</u>

I. Long-Term Debt

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF SERIAL BONDS

June 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2012</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds - 2010	12/01/10	\$ 4,065,000.00	02/15/14	\$ 360,000.00	3.000%			
			02/15/15	375,000.00	3.000%			
			02/15/16	385,000.00	4.000%			
			02/15/17	400,000.00	4.000%			
			02/15/18	415,000.00	4.000%			
			02/15/19	435,000.00	4.000%			
			02/15/20	430,000.00	4.000%			
			02/15/21	425,000.00	4.000%			
			02/15/22	420,000.00	4.000%			
					<u>\$ 3,995,000.00</u>	<u>\$ 350,000.00</u>	<u>\$ 3,645,000.00</u>	

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

June 30, 2013

<u>Date of Lease</u>	<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Annual Maturities</u>		<u>Balance July 1, 2012</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>			
10/04/07	Technology	\$ 95,700.00			<u>\$ 20,900.00</u>	<u>\$ 20,900.00</u>	<u>\$ 0.00</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the fiscal year ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive/ (Negative) <u>Final To Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 406,409.00	_____	\$ 406,409.00	\$ 406,409.00	_____
Total Revenues	<u>406,409.00</u>	_____	<u>406,409.00</u>	<u>406,409.00</u>	_____
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	150,671.00	_____	150,671.00	150,670.28	\$ 0.72
Redemption of Principal	<u>374,596.00</u>	_____	<u>374,596.00</u>	<u>374,595.48</u>	<u>0.52</u>
Total Regular Debt Service	<u>525,267.00</u>	_____	<u>525,267.00</u>	<u>525,265.76</u>	<u>1.24</u>
Total Expenditures	<u>525,267.00</u>	_____	<u>525,267.00</u>	<u>525,265.76</u>	<u>1.24</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(118,858.00)	_____	(118,858.00)	(118,856.76)	1.24
Other Financial Sources/(Uses):					
Transfers From Other Funds	<u>113,049.00</u>	_____	<u>113,049.00</u>	<u>113,049.00</u>	_____
Total Other Financial Sources/(Uses)	<u>113,049.00</u>	_____	<u>113,049.00</u>	<u>113,049.00</u>	_____
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures	(5,809.00)	_____	(5,809.00)	(5,807.76)	1.24
Fund Balance, July 1	<u>5,809.41</u>	_____	<u>5,809.41</u>	<u>5,809.41</u>	_____
Fund Balance, June 30	<u>\$ 0.41</u>	<u>\$ 0.00</u>	<u>\$ 0.41</u>	<u>\$ 1.65</u>	<u>\$ 1.24</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

STATEMENT OF LOANS PAYABLE - N.J.E.D.A.

June 30, 2013

<u>Loan Number</u>		<u>Interest Rate Payable</u>	<u>Amount of Original Loan</u>	<u>Balance June 30, 2012</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
169-93	Small Project Loan	5.288%	\$ 278,025.00	\$ 40,315.34	\$ 19,717.85	\$ 20,597.49
169-93	Safe Program Loan	1.500%	92,675.00	<u>9,755.26</u>	<u>4,877.63</u>	<u>4,877.63</u>
				<u>\$ 50,070.60</u>	<u>\$ 24,595.48</u>	<u>\$ 25,475.12</u>

STATISTICAL SECTION (Unaudited)

FINANCIAL TRENDS/INFORMATION SCHEDULES

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Government Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 1,267,714.85	\$ 2,606,899.71	\$ 3,037,688.86	\$ 2,984,357.68	\$ 2,942,253.63	\$ 3,157,173.55	\$ 3,170,353.51	\$ 3,083,920.70	\$ 2,962,519.95	\$ 3,103,397.37
Restricted	2,177,978.74	972,077.69	533,707.74	479,226.08	793,116.90	835,390.05	714,907.12	958,515.22	922,915.22	1,149,350.77
Unrestricted	<u>(10,546.72)</u>	<u>33,358.45</u>	<u>20,276.79</u>	<u>125,747.00</u>	<u>128,993.34</u>	<u>(35,267.99)</u>	<u>261,215.16</u>	<u>184,353.66</u>	<u>189,523.23</u>	<u>206,510.83</u>
Total Government Activities Net Position	<u>\$ 3,435,146.87</u>	<u>\$ 3,612,335.85</u>	<u>\$ 3,591,673.39</u>	<u>\$ 3,589,330.76</u>	<u>\$ 3,864,363.87</u>	<u>\$ 3,957,295.61</u>	<u>\$ 4,146,475.79</u>	<u>\$ 4,226,789.58</u>	<u>\$ 4,074,958.40</u>	<u>\$ 4,459,258.97</u>
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt				\$ 3,636.00	\$ 3,232.00	\$ 2,828.00	\$ 2,424.00	\$ 2,020.00	\$ 13,297.00	\$ 12,223.00
Unrestricted	<u>\$ 6,886.36</u>	<u>\$ 9,823.97</u>	<u>\$ 10,742.73</u>	<u>3,005.19</u>	<u>5,476.98</u>	<u>4,009.17</u>	<u>31,662.48</u>	<u>46,195.49</u>	<u>45,965.75</u>	<u>42,404.82</u>
Total Business-Type Activities Net Position	<u>\$ 6,886.36</u>	<u>\$ 9,823.97</u>	<u>\$ 10,742.73</u>	<u>\$ 6,641.19</u>	<u>\$ 8,708.98</u>	<u>\$ 6,837.17</u>	<u>\$ 34,086.48</u>	<u>\$ 48,215.49</u>	<u>\$ 59,262.75</u>	<u>\$ 54,627.82</u>
District-wide:										
Invested in Capital Assets, Net of Related Debt	\$ 1,267,714.85	\$ 2,606,899.71	\$ 3,037,688.86	\$ 2,987,993.68	\$ 2,945,485.63	\$ 3,160,001.55	\$ 3,172,777.51	\$ 3,085,940.70	\$ 2,975,816.95	\$ 3,115,620.37
Restricted	2,177,978.74	972,077.69	533,707.74	479,226.08	793,116.90	835,390.05	714,907.12	958,515.22	922,915.22	1,149,350.77
Unrestricted	<u>(3,660.36)</u>	<u>43,182.42</u>	<u>31,019.52</u>	<u>128,752.19</u>	<u>134,470.32</u>	<u>(31,258.82)</u>	<u>292,877.64</u>	<u>230,549.15</u>	<u>235,488.98</u>	<u>248,915.65</u>
Total District Net Position	<u>\$ 3,442,033.23</u>	<u>\$ 3,622,159.82</u>	<u>\$ 3,602,416.12</u>	<u>\$ 3,595,971.95</u>	<u>\$ 3,873,072.85</u>	<u>\$ 3,964,132.78</u>	<u>\$ 4,180,562.27</u>	<u>\$ 4,275,005.07</u>	<u>\$ 4,134,221.15</u>	<u>\$ 4,513,886.79</u>

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (1,942,543.71)	\$ (2,104,565.23)	\$ (1,980,090.99)	\$ (2,239,290.02)	\$ (2,273,590.44)	\$ (2,213,509.81)	\$ (2,275,211.38)	\$ (2,138,534.19)	\$ (2,302,403.00)	\$ (1,707,050.67)
Special Education	(470,391.03)	(344,723.09)	(610,892.22)	(470,517.93)	(419,083.65)	(472,516.18)	(489,752.83)	(452,353.28)	(528,251.93)	(414,625.80)
Other Special Education	(146,241.53)	(126,481.89)	(87,370.59)	(144,423.98)	(93,933.78)	(84,973.72)	(47,897.15)	(46,929.70)	(65,063.27)	(47,028.00)
Other Instruction	(62,959.66)	(72,061.24)	(56,875.31)	(52,009.99)	(54,419.52)	(58,842.14)	(56,949.99)	(59,594.15)	(61,585.39)	(68,814.36)
Support Services:										
Tuition	(1,668,259.98)	(1,903,619.36)	(2,003,567.04)	(2,183,282.78)	(2,435,559.52)	(2,549,444.51)	(2,724,365.71)	(2,524,419.11)	(2,457,414.96)	(2,203,241.03)
Student and Instruction Related Services	(655,672.97)	(746,831.72)	(715,195.67)	(686,405.81)	(715,340.11)	(784,374.72)	(737,525.38)	(716,967.28)	(833,114.49)	(699,606.86)
School Administrative Services	(229,155.73)	(105,031.22)	(96,150.60)	(97,129.33)	(125,145.63)	(118,418.01)	(121,336.78)	(121,937.95)	(222,626.38)	(238,303.09)
General Administration	(471,080.40)	(503,035.60)	(557,228.02)	(363,583.43)	(294,461.08)	(295,481.60)	(322,986.01)	(253,356.77)	(138,644.31)	(104,927.66)
Central Services				(171,500.81)	(157,401.35)	(125,962.27)	(134,449.18)	(151,958.65)	(155,414.20)	(143,549.07)
Administrative Information Technology				(10,405.29)	(6,250.04)	(6,175.10)	(7,177.00)	(4,396.80)	(7,402.96)	(6,974.62)
Plant Operations and Maintenance	(306,611.11)	(387,540.17)	(375,633.64)	(412,169.44)	(456,172.07)	(458,838.70)	(424,677.96)	(453,017.07)	(511,733.47)	(407,559.98)
Pupil Transportation	(172,087.98)	(184,133.54)	(217,500.71)	(255,840.28)	(269,679.59)	(248,850.80)	(274,010.61)	(264,298.20)	(246,497.66)	(324,030.87)
Employee Benefits										(1,279,096.01)
Interest on Long-Term Debt	(294,763.53)	(279,395.11)	(273,201.85)	(265,022.67)	(247,608.02)	(239,549.35)	(223,070.78)	(135,201.90)	(159,634.82)	(145,267.98)
Unallocated Depreciation	(15,659.03)	(15,659.03)	(257,255.03)	(258,518.79)	(248,410.00)	(248,410.00)	(251,086.00)	(483,397.49)	(259,193.75)	(260,935.76)
Total Governmental Activities Expenses	<u>(6,435,426.66)</u>	<u>(6,753,077.20)</u>	<u>(7,210,961.67)</u>	<u>(7,610,100.55)</u>	<u>(7,797,054.80)</u>	<u>(7,905,346.91)</u>	<u>(8,090,496.76)</u>	<u>(7,806,362.54)</u>	<u>(7,946,980.59)</u>	<u>(8,051,011.76)</u>
Business-Type Activities:										
Food Service	(101,977.39)	(92,843.67)	(96,499.47)	(121,503.07)	(110,664.29)	(111,269.97)	(79,862.20)	(84,505.68)	(97,437.16)	(103,950.63)
Total Business-Type Activities Expenses	<u>(101,977.39)</u>	<u>(92,843.67)</u>	<u>(96,499.47)</u>	<u>(121,503.07)</u>	<u>(110,664.29)</u>	<u>(111,269.97)</u>	<u>(79,862.20)</u>	<u>(84,505.68)</u>	<u>(97,437.16)</u>	<u>(103,950.63)</u>
87 Total District Expenses	<u>\$ (6,537,404.05)</u>	<u>\$ (6,845,720.87)</u>	<u>\$ (7,307,461.14)</u>	<u>\$ (7,731,603.62)</u>	<u>\$ (7,907,719.09)</u>	<u>\$ (8,016,616.88)</u>	<u>\$ (8,170,358.96)</u>	<u>\$ (7,890,868.22)</u>	<u>\$ (8,044,417.75)</u>	<u>\$ (8,154,962.39)</u>
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 78,956.00	\$ 78,956.00	\$ 78,956.00	\$ 78,956.00	\$ 78,956.00	\$ 87,965.00	\$ 96,840.00	\$ 1,491.18	\$ 4,866.20	\$ 159,808.40
Charges for Services					15,800.00	28,700.00	34,250.00	37,175.00	53,200.00	84,374.44
Total Governmental Activities Program Revenues	<u>1,896,585.44</u>	<u>78,956.00</u>	<u>78,956.00</u>	<u>78,956.00</u>	<u>94,756.00</u>	<u>116,665.00</u>	<u>131,090.00</u>	<u>38,666.18</u>	<u>58,066.20</u>	<u>244,182.84</u>
Business-Type Activities:										
Charges for Services:										
Food Service	78,127.69	78,263.40	84,170.99	97,819.54	85,912.53	86,835.73	81,726.64	73,898.03	74,775.43	70,947.14
Operating Grants and Contributions	18,523.91	17,317.88	13,247.24	19,581.99	26,491.58	22,562.43	25,385.87	24,736.66	29,429.61	28,368.56
Total Business-Type Activities Program Revenues	<u>96,651.60</u>	<u>95,581.28</u>	<u>97,418.23</u>	<u>117,401.53</u>	<u>112,404.11</u>	<u>109,398.16</u>	<u>107,111.51</u>	<u>98,634.69</u>	<u>104,205.04</u>	<u>99,315.70</u>
Total District Program Revenues	<u>\$ 1,993,237.04</u>	<u>\$ 174,537.28</u>	<u>\$ 176,374.23</u>	<u>\$ 196,357.53</u>	<u>\$ 207,160.11</u>	<u>\$ 226,063.16</u>	<u>\$ 238,201.51</u>	<u>\$ 137,300.87</u>	<u>\$ 162,271.24</u>	<u>\$ 343,498.54</u>

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue:										
Governmental Activities	\$ (4,538,841.22)	\$ (6,674,121.20)	\$ (7,132,005.67)	\$ (7,531,144.55)	\$ (7,702,298.80)	\$ (7,788,681.91)	\$ (7,959,406.76)	\$ (7,767,696.36)	\$ (7,888,914.39)	\$ (7,906,828.92)
Business-Type Activities	(5,325.79)	2,937.61	918.76	(4,101.54)	1,739.82	(1,871.81)	27,249.31	14,129.01	6,767.88	(4,634.93)
Total District-wide Net (Expense)/Revenue	\$ (4,544,167.01)	\$ (6,671,183.59)	\$ (7,131,086.91)	\$ (7,535,246.09)	\$ (7,700,558.98)	\$ (7,790,553.72)	\$ (7,932,157.45)	\$ (7,753,567.35)	\$ (7,882,146.51)	\$ (7,811,463.85)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,143,702.00	\$ 5,423,089.00	\$ 5,622,564.00	\$ 5,856,354.00	\$ 6,237,957.00	\$ 6,484,514.00	\$ 6,643,895.00	\$ 6,922,829.00	\$ 6,908,282.00	\$ 6,955,365.00
Taxes Levied for Debt Service	541,766.94	530,711.09	547,244.00	546,678.00	545,363.00	548,627.00	546,231.00	238,054.00	337,541.00	406,409.00
Unrestricted Grants and Contributions	804,687.07	853,190.48	904,904.97	1,091,056.77	1,266,181.69	815,722.99	941,204.16	606,506.41	770,558.45	764,680.51
Investment Earnings	48,158.69	9,411.69	20,860.18	1,742.66	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12
Loss on Disposal of Assets					(106,664.26)				(28,211.88)	
Transfer					(327.97)					
Miscellaneous Income	18,369.89	34,907.92	15,770.06	32,970.49	20,120.51	15,252.19	11,518.95	78,308.32	66,723.64	64,611.86
Total Governmental Activities	6,556,684.59	6,851,310.18	7,111,343.21	7,528,801.92	7,977,331.91	7,881,613.65	8,148,586.94	7,848,010.15	8,055,501.17	8,191,129.49
Business-Type Activities:										
Miscellaneous Income										
Transfers					327.97				2,296.38	
Total Business-Type Activities					327.97				2,296.38	
Total District-wide	\$ 6,556,684.59	\$ 6,851,310.18	\$ 7,111,343.21	\$ 7,528,801.92	\$ 7,977,659.88	\$ 7,881,613.65	\$ 8,148,586.94	\$ 7,848,010.15	\$ 8,057,797.55	\$ 8,191,129.49
7 Changes in Net Position:										
Governmental Activities	\$ 2,017,843.37	\$ 177,188.98	\$ (20,662.46)	\$ (2,342.63)	\$ 275,033.11	\$ 92,931.74	\$ 189,180.18	\$ 80,313.79	\$ 166,566.78	\$ 384,300.57
Business-Type Activities	(5,325.79)	2,937.61	918.76	(4,101.54)	2,067.79	(1,871.81)	27,249.31	14,129.01	9,064.26	(4,634.93)
Total District	\$ 2,012,517.58	\$ 180,126.59	\$ (19,743.70)	\$ (6,444.17)	\$ 277,100.90	\$ 91,059.93	\$ 216,429.49	\$ 94,442.80	\$ 175,651.04	\$ 379,665.64

SPRING LAKE HEIGHTS SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	JUNE 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 9,561.58	\$ 5,964.10	\$ 3,933.28	\$ 1.00	\$ 97,001.00	\$ 39,484.67	\$ 64,592.12			
Unreserved	201,709.75	147,518.60	86,056.58	125,745.88	262,049.01	287,598.57	345,825.00			
Restricted								\$ 572,616.39	\$ 802,564.88	\$ 1,064,990.94
Assigned								74,540.20	1,491.21	84,358.18
Unassigned								243,280.18	230,544.20	238,827.20
Total General Fund	\$ 211,271.33	\$ 153,482.70	\$ 89,989.86	\$ 125,746.88	\$ 359,050.01	\$ 327,083.24	\$ 410,417.12	\$ 890,436.77	\$ 1,034,600.29	\$ 1,388,176.32
All Other Governmental Funds:										
Reserved	\$ 1,397,804.68	\$ 475,079.04	\$ 84,565.42		\$ 1,750.00					
Unreserved, Reported In:										
Special Revenue Fund					(352.05)					
Capital Projects Fund	770,611.83	491,034.55	445,209.04	\$ 479,225.08	654,717.72	\$ 654,717.72	\$ 650,314.72			
Debt Service Fund	0.65	0.65	0.43	1.12	0.23	(1.34)	(0.45)			
Restricted for:										
Capital Projects Fund								\$ 305,549.72	\$ 113,049.72	
Debt Service Fund								5,808.91	5,809.41	\$ 1.65
Total All Other Governmental Funds	\$ 2,168,417.16	\$ 966,114.24	\$ 529,774.89	\$ 479,226.20	\$ 656,115.90	\$ 654,716.38	\$ 650,314.27	\$ 311,358.63	\$ 118,859.13	\$ 1.65

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2004*	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 5,685,468.94	\$ 5,953,800.09	\$ 6,169,808.00	\$ 6,403,032.00	\$ 6,783,320.00	\$ 7,033,141.00	\$ 7,190,126.00	\$ 7,160,883.00	\$ 7,245,823.00	\$ 7,361,774.00
Tuition Charges				300.00		28,700.00	34,250.00	37,175.00	53,200.00	70,516.69
Transportation Fees										13,857.75
Interest Earnings	3,470.85	9,411.69	20,860.18	1,742.66	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12
Miscellaneous	11,988.21	34,907.28	15,769.06	32,670.48	34,620.51	15,252.19	11,518.97	78,308.32	66,723.64	64,611.86
State Sources	743,615.07	768,161.53	808,288.24	1,005,428.80	1,194,381.28	759,211.59	788,410.56	475,096.08	610,776.90	787,914.71
Federal Sources	140,028.00	163,984.95	175,572.73	164,583.97	150,662.43	144,476.40	249,633.60	132,801.51	164,647.75	136,574.20
Total Revenues	6,584,571.07	6,930,265.54	7,190,298.21	7,607,757.91	8,177,686.16	7,998,278.65	8,279,676.96	7,886,676.33	8,141,779.05	8,435,312.33
Expenditures:										
Instruction:										
Regular	1,455,113.54	1,588,253.75	1,655,848.48	1,574,992.73	1,597,350.45	1,625,413.91	1,645,378.89	1,534,400.76	1,690,381.58	1,707,050.67
Special	356,082.72	258,232.53	302,548.75	331,195.76	282,497.26	342,849.00	358,616.38	349,717.46	386,020.20	414,625.80
Other Special Instruction	112,956.50	101,572.32	55,950.16	84,052.85	59,927.40	54,714.93	38,063.72	25,747.48	45,539.70	47,028.00
Other Instruction	59,470.66	68,264.48	53,533.76	48,856.45	51,228.76	55,613.75	53,516.94	55,030.15	57,382.82	68,814.36
Support Services and Undistributed Costs:										
Tuition	1,668,259.98	1,903,619.36	2,003,567.04	2,183,282.78	2,435,559.52	2,549,444.51	2,724,365.71	2,528,300.59	2,457,414.96	2,203,241.03
Student and Instruction Related Services	476,008.86	675,887.77	591,762.83	551,020.40	559,921.36	647,654.40	585,085.01	582,099.34	648,670.20	699,606.86
General Administration	194,729.86	256,384.85	281,091.76	249,471.94	194,807.28	198,461.77	227,867.08	208,591.80	202,277.14	238,303.09
School Administrative Services	180,401.06	65,583.62	67,362.91	67,680.16	91,442.07	90,690.65	91,065.21	92,860.50	92,107.71	104,927.66
Central Services			161,293.06	171,500.81	157,401.35	125,962.27	134,449.18	151,958.65	155,414.20	143,549.07
Admin. Information Technology			7,745.15	10,405.29	6,250.04	6,175.10	7,177.00	4,396.80	7,402.96	6,974.62
Plant Operations and Maintenance	257,934.44	307,569.43	308,083.24	340,100.25	385,557.66	382,167.69	357,862.58	361,134.19	417,168.72	379,812.98
Pupil Transportation	172,087.98	184,133.54	217,500.71	255,840.28	269,679.59	248,850.80	274,010.61	264,298.20	246,497.66	324,030.87
Business and Other Support Services	192,426.63	166,389.76								
Employee Benefits	813,265.26	866,776.48	985,925.91	1,156,923.20	1,214,084.23	1,063,441.14	1,105,242.89	967,128.24	1,093,989.50	1,288,716.01
Capital Outlay	68,813.38	14,675.39	450,672.42	50,549.38	13,094.50	91,576.45	51,813.88	77,703.52	159,807.18	48,647.00
Special Revenue	170,535.80									
Debt Service:										
Principal	243,522.94	247,680.83	269,622.17	280,236.87	290,875.71	306,552.43	317,239.56	387,979.53	363,757.76	150,670.28
Interest and Other Charges	298,244.00	283,030.26	277,622.05	266,440.44	254,488.18	242,076.14	228,990.55	154,265.11	166,282.74	374,595.48
Total Expenditures	6,719,853.61	6,988,054.37	7,690,130.40	7,622,549.59	7,864,165.36	8,031,644.94	8,200,745.19	7,745,612.32	8,190,115.03	8,200,593.78
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	(135,282.54)	(57,788.83)	(499,832.19)	(14,791.68)	313,520.80	(33,366.29)	78,931.77	141,064.01	(48,335.98)	234,718.55
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)					97,000.00					
Transfers In	44,687.84							344,765.00	192,500.00	113,112.84
Transfers Out					(327.97)			(344,765.00)	(192,500.00)	(113,112.84)
Total Other Financing Sources/(Uses)	44,687.84				96,672.03					
Net Change in Fund Balances	\$ (90,594.70)	\$ (57,788.83)	\$ (499,832.19)	\$ (14,791.68)	\$ 410,192.83	\$ (33,366.29)	\$ 78,931.77	\$ 141,064.01	\$ (48,335.98)	\$ 234,718.55
Debt Service as a Percentage of										
Noncapital Expenditures	8.15%	7.61%	7.56%	7.22%	6.95%	6.91%	6.70%	7.07%	6.60%	6.44%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.
 * Special Revenue allocation not available
 ** Debt Service breakdown not available
 *** Other Financing Sources/(Uses) not available

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Checks Void</u>	<u>Miscellaneous</u>	<u>Tuition -</u> <u>Parent Pay</u>	<u>Tuition -</u> <u>From State</u>	<u>Transportation Fees</u> <u>From State</u>	<u>Prior Year</u> <u>Refund</u>	<u>Facilities</u> <u>Use</u>	<u>Annual</u> <u>Totals</u>
2004	\$ 3,470.85		\$ 11,584.50						\$ 15,055.35
2005	9,411.69		34,811.19						44,222.88
2006	20,860.18		15,769.06						36,629.24
2007	30,115.35		2,555.13	\$ 300.00					32,970.48
2008	17,194.81		1,625.70	15,800.00					34,620.51
2009	4,383.87		15,252.19	28,700.00			\$ 5,238.03	\$ 4,480.00	58,054.09
2010	2,847.37		1,190.95	34,250.00			2,338.02	7,990.00	48,616.34
2011	946.72		27,606.69	37,175.00			3,350.36	46,285.00	115,363.77
2012		\$ 1,327.35	4,565.50	53,200.00			2,477.64	57,745.00	119,315.49
2013			12,270.14	55,300.00	\$ 15,216.69	\$ 13,857.75	6,471.72	45,870.00	148,986.30

Source: District records

REVENUE CAPACITY

SPRING LAKE HEIGHTS SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2004	\$ 7,334,100	\$ 586,205,300	-	-	\$ 72,753,400	-	\$ 40,208,200
2005	6,926,700	591,479,800	-	-	73,132,100	-	39,908,200
2006	6,849,700	599,031,500	-	-	74,479,800	-	39,908,200
2007	4,561,900	607,776,300	-	-	73,971,900	-	39,908,200
2008	R 9,799,200	968,851,300	-	-	118,763,100	-	60,761,600
2009	11,046,100	970,106,000	-	-	118,767,800	-	60,761,600
2010	11,158,800	970,250,200	-	-	120,253,500	-	59,932,400
2011	11,103,300	971,462,300	-	-	117,145,800	-	56,464,800
2012	9,767,100	974,515,900	-	-	118,172,800	-	56,464,800
2013	8,645,200	975,855,000	-	-	117,816,300	-	53,520,200

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	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2004	\$ 726,543,100	\$ 20,042,100	\$ 471,972	\$ 706,972,972	\$ 785,831,395	0.917
2005	731,488,900	20,042,100	406,170	711,852,970	886,853,666	0.867
2006	740,094,400	19,825,200	312,406	720,581,606	1,060,478,882	0.889
2007	746,043,500	19,825,200	290,081	726,508,381	1,167,923,735	0.934
2008	R 1,191,976,000	33,800,800	483,818	1,158,659,018	1,213,261,339	0.607
2009	1,194,482,300	33,800,800	690,614	1,161,372,114	1,163,585,035	0.619
2010	1,196,081,000	34,486,100	629,356	1,162,224,256	1,168,961,044	0.616
2011	1,190,211,200	34,035,000	533,001	1,156,709,201	1,154,855,929	0.627
2012	1,192,943,400	34,022,800	534,336	1,159,454,936	1,115,197,521	0.635
2013	1,155,836,700	34,353,700	-	1,121,483,000	1,072,816,145	0.653

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment ("R") occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100

N/A At the time of CAFR Completion, this data was not yet available

SPRING LAKE HEIGHTS SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)
 (UNAUDITED)

Fiscal Year Ending June 30,	Spring Lake Heights School District Direct Rate			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Spring Lake Heights Borough	Monmouth County	Total Direct and Overlapping Tax Rate
2004	N/A	N/A	0.917	0.383	0.414	1.714
2005	0.790	0.077	0.867	0.400	0.416	1.683
2006	0.810	0.079	0.889	0.413	0.437	1.739
2007	N/A	N/A	0.934	0.448	0.433	1.815
2008	0.558	0.049	0.607	0.304	0.267	1.178
2009	0.571	0.048	0.619	0.318	0.258	1.195
2010	0.569	0.047	0.616	0.318	0.272	1.206
2011	0.606	0.021	0.627	0.318	0.280	1.225
2012	0.600	0.035	0.635	0.345	0.279	1.259
2013	0.617	0.035	0.653	0.347	0.280	1.280

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

N/A At the time of CAFR Completion, this data was not yet available

SPRING LAKE HEIGHTS SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

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	2013			2004		
	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer 1	\$	1		\$	1	
Taxpayer 2		2			2	
Taxpayer 3		3			3	
Taxpayer 4		4			4	
Taxpayer 5		5	DATA NOT AVAILABLE		5	
Taxpayer 6		6			6	
Taxpayer 7		7			7	
Taxpayer 8		8			8	
Taxpayer 9		9			9	
Taxpayer 10		10			10	
Total	<u>\$</u>			<u>\$</u>		

Source: Municipal Tax Assessor

SPRING LAKE HEIGHTS SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 5,685,468.94	\$ 5,685,468.94	100.00%	-
2005	5,953,800.09	5,953,800.09	100.00%	-
2006	6,169,808.00	6,169,808.00	100.00%	-
2007	6,403,032.00	6,403,032.00	100.00%	-
2008	6,783,320.00	6,783,320.00	100.00%	-
2009	7,033,141.00	7,033,141.00	100.00%	-
2010	7,190,126.00	7,190,126.00	100.00%	-
2011	7,160,883.00	7,160,883.00	100.00%	-
2012	7,245,823.00	7,245,823.00	100.00%	-
2013	7,361,774.00	7,361,774.00	100.00%	-

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

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

DEBT CAPACITY INFORMATION

SPRING LAKE HEIGHTS SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	\$ 6,248,000.00		\$ 34,521.00			\$ 6,282,521.00	2.65%	\$ 45,784.00
2005	6,013,000.00		6,046.00			6,019,046.00	2.38%	1,170.11
2006	5,944,712.00					5,944,712.00	2.17%	1,164.26
2007	5,664,476.00					5,664,476.00	1.88%	1,083.70
2008	5,373,599.88		97,000.00			5,470,599.88	1.77%	1,049.41
2009	5,067,047.45		78,400.00			5,145,447.45	1.77%	988.56
2010	4,749,807.89		60,200.00			4,810,007.89	1.79%	1,019.72
2011	4,408,828.36		41,000.00			4,449,828.36	1.62%	943.16
2012	4,045,070.60		20,900.00			4,065,970.60	N/A	N/A
2013	3,670,475.12		0.00			3,670,475.12	N/A	778.80

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- a See Exhibit NJ 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
- N/A At the time of CAFR Completion, this data was not yet available

SPRING LAKE HEIGHTS SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	\$ 6,248,000.00		\$ 6,248,000.00	0.88%	\$ 1,208.28
2005	6,214,335.00		6,214,335.00	0.87%	1,208.07
2006	5,944,712.00		5,944,712.00	0.82%	1,164.26
2007	5,664,476.00		5,664,476.00	0.78%	1,083.70
2008	5,373,599.88		5,373,599.88	0.46%	1,030.81
2009	5,067,047.45		5,067,047.45	0.44%	973.50
2010	4,749,807.89		4,749,807.89	0.41%	1,006.96
2011	4,408,828.36		4,408,828.36	0.38%	934.47
2012	4,045,070.60		4,045,070.60	0.35%	862.67
2013	3,670,475.12		3,670,475.12	0.33%	778.80

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Spring Lake Heights Borough	\$ 3,001,835.68	100.00%	\$ 3,001,835.68
Monmouth County General Obligation Debt	459,980,959.81	1.13%	5,205,860.35
Other Debt:			
Municipal Sewer Authority - Spring Lake Heights District's Share			<u>8,207,696.03</u>
Subtotal, Overlapping Debt			16,415,392.06
Spring Lake Heights District Direct Debt			<u>3,670,475.12</u>
Total Direct and Overlapping Debt			<u>\$ 20,085,867.18</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Spring Lake Heights. 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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis

	2013	\$ 1,101,006,573	
	2012	1,074,105,990	
	2011	<u>1,110,320,100</u>	
	(A)	<u>\$ 3,285,432,663</u>	
Average Equalized Valuation of Taxable Property	(A/3)	\$ 1,095,144,221	
Debt Limit (3% of Average Equalization Value)	(B)	32,854,327	a
Total Net Debt Applicable To Limit	(C)	<u>4,045,071</u>	
Legal Debt Margin	(B-C)	<u>\$ 28,809,256</u>	

06

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 26,355,422	\$ 31,355,082	\$ 46,242,869	\$ 31,152,563	\$ 34,416,640
Total Net Debt Applicable To Limit	<u>6,248,000</u>	<u>6,214,335</u>	<u>5,944,712</u>	<u>5,664,476</u>	<u>5,470,600</u>
Legal Debt Margin	<u>\$ 20,107,422</u>	<u>\$ 25,140,747</u>	<u>\$ 40,298,157</u>	<u>\$ 25,488,087</u>	<u>\$ 28,946,040</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.71	19.82	12.86	18.18	15.90
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 35,447,701	\$ 35,458,074	\$ 34,897,101	\$ 33,413,312	\$ 32,854,327
Total Net Debt Applicable To Limit	<u>5,145,447</u>	<u>4,810,008</u>	<u>4,449,828</u>	<u>4,045,071</u>	<u>4,045,071</u>
Legal Debt Margin	<u>\$ 30,302,254</u>	<u>\$ 30,648,066</u>	<u>\$ 30,447,273</u>	<u>\$ 29,368,242</u>	<u>\$ 28,809,256</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.52	13.57	12.75	12.11	12.31

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 percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

SPRING LAKE HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2004	5,171	\$ 236,749,064	\$ 45,784	3.30%
2005	5,144	252,925,336	49,169	3.10%
2006	5,106	274,273,896	53,716	3.20%
2007	5,227	301,545,630	57,690	2.90%
2008	5,213	309,308,142	59,334	3.70%
2009	5,205	290,251,620	55,764	N/A
2010	4,717	268,656,735	56,955	6.20%
2011	4,718	275,318,890	58,355	6.30%
2012	N/A	N/A	N/A	6.50%
2013	4,713	N/A	N/A	N/A

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

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

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

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

N/A At the time of CAFR Completion, this data was not yet available

SPRING LAKE HEIGHTS SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Municipal Employment</u>
		1			1	
		2			2	
		3			3	
		4			4	
		5	DATA NOT AVAILABLE		5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
Total	<u> </u>		<u> </u>	<u> </u>		<u> </u>
	<u> </u>		<u> </u>	<u> </u>		<u> </u>

92

Source: _____

OPERATING INFORMATION

SPRING LAKE HEIGHTS SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction:										
Regular	N/A	27.8	27.0	27.0	25.0	25.0	24.0	23.0	23.0	23.0
Special Education	N/A	6.0	6.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0
Other Special Education	N/A	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vocational	N/A	-	-	-	-	-	-	-	-	-
Other Instruction	N/A	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Nonpublic School Programs	N/A	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	N/A	-	-	-	-	-	-	-	-	-
93 Support Services:										
Student and Instruction Related Services	N/A	5.8	4.8	4.0	4.0	4.0	4.0	8.5	8.5	8.5
General Administration	N/A	4.0	4.0	3.0	3.0	3.0	3.0	1.5	1.5	1.5
School Administrative Services	N/A	0.5	0.5	2.5	2.5	2.5	2.5	1.0	1.0	1.0
Other Administrative Services	N/A	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	N/A	2.5	2.5	2.5	2.5	2.5	2.0	1.5	1.5	1.5
Administrative Information Technology	N/A	-	-	-	-	-	-	-	-	-
Plant Operations and Maintenance	N/A	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil Transportation	N/A	-	-	-	-	-	-	-	-	-
Other Support Services	N/A	0.2	-	-	-	-	0.5	0.5	3.5	3.5
Special Schools	N/A	-	-	-	-	-	-	-	-	-
Food Service	N/A	-	-	-	-	-	-	-	-	-
Child Care	N/A	-	-	-	-	-	-	-	-	-
Total	<u>N/A</u>	<u>55.8</u>	<u>51.8</u>	<u>51.0</u>	<u>49.0</u>	<u>49.0</u>	<u>49.0</u>	<u>48.0</u>	<u>51.0</u>	<u>51.0</u>

Source: District Personnel Records

This schedule does not contain 10 years of information as GASB 44 was implemented during the fiscal year ending June 30, 2006.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2004	391	\$ 5,835,023	\$ 14,923	2.29%	35.0	11.2	386.1	367.7	-1.03%	95.23%
2005	394	6,140,036	15,584	4.43%	34.0	11.6	393.5	373.7	1.92%	94.97%
2006	376	6,354,980	16,902	8.46%	34.0	11.1	376.7	356.1	-4.27%	94.53%
2007	354	6,769,247	19,122	13.14%	34.8	10.2	252.0	252.0	-33.10%	100.00%
94 2008	349	6,616,566	18,959	-0.86%	32.8	10.6	334.7	319.3	32.82%	95.40%
2009	338	6,938,895	20,529	8.28%	32.8	10.3	334.9	320.0	0.06%	95.55%
2010	332	7,047,338	21,227	3.40%	34.0	9.8	334.3	320.5	-0.18%	95.87%
2011	350	6,675,042	19,072	-10.15%	32.0	10.9	348.2	333.6	4.16%	95.81%
2012	359	6,992,870	19,479	2.97%	32.0	11.2	358.9	345.0	3.07%	96.13%
2013	375	7,025,831	18,736	-3.82%	31.0	12.1	364.3	347.6	1.50%	95.42%

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Elementary:										
<u>Spring Lake Heights School (1937)</u>										
Square Feet	59,851	59,851	59,851	59,851	59,851	59,851	59,854	59,854	59,851	60,579
Capacity (Students)	360	468	468	468	468	468	468	468	468	468
Enrollment	391	394	376	354	349	338	332	350	359	375

Number of Schools at June 30, 2011

Elementary & Middle School = 1

99

Source: District Facilities Office

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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

*School Facilities

	<u>Project # (s)</u>	<u>Spring Lake Heights School</u>	<u>Total</u>
2004	N/A	\$ 12,248.00	\$ 12,248.00
2005	N/A	25,659.00	25,659.00
2006	N/A	18,266.00	18,266.00
2007	N/A	40,110.06	40,110.06
2008	N/A	21,289.92	21,289.92
2009	N/A	24,270.35	24,270.35
2010	N/A	21,150.07	21,150.07
2011	N/A	31,418.41	31,418.41
2012	N/A	57,557.45	57,557.45
2013	N/A	<u>22,955.82</u>	<u>22,955.82</u>
Total School Facilities		<u>\$ 274,925.08</u>	<u>\$ 274,925.08</u>

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

Source: District records

SPRING LAKE HEIGHTS SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents/Property	\$ 250,000,000	\$ 1,000
General and Automobile Liability	5,000,000	
Crime - Employee Dishonesty	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability (Umbrella)	5,000,000	
Errors & Omissions	1,000,000	
Workers' Compensation (2)	2,000,000	
Student Accident Insurance (3)	1,000,000	
Surety Bonds (4):		
Board Secretary/Business Administrator	175,000	

- (1) School Alliance Insurance Fund
- (2) Monmouth-Ocean Shared Services Insurance Fund
- (3) Bollinger/Monumental Life Insurance Co.
- (4) Selective Insurance Company of America

Source: District records

SINGLE AUDIT SECTION



EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Spring Lake Heights School District
County of Monmouth
Spring Lake Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and 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 Spring Lake Heights Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Spring Lake Heights Board of Education’s basic financial statements, and have issued our report thereon dated October 11, 2013 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Spring Lake Heights Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spring Lake Heights Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of Spring Lake Heights Board of Education’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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spring Lake Heights Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management of the Board of Education of the Spring Lake Heights School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a horizontal line extending to the left.

Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
October 11, 2013



HOLMAN | FRENIA
ALLISON, P.C.
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EXHIBIT K-2

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04.

Honorable President and Members
of the Board of Education
Spring Lake Heights School District
County of Monmouth
Spring Lake Heights, New Jersey

Report on Compliance for Each State Program

We have audited Spring Lake Heights Board of Education’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/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, 2013. Spring Lake Heights Board of Education’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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Spring Lake Heights Board of Education’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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*; *the New Jersey State Aid/Grant Compliance Supplement*; *the Schedule of Expenditures of State Financial Assistance*; *the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey*; and New Jersey OMB’s Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Spring Lake Heights Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal or state program. However, our audit does not provide a legal determination of Spring Lake Heights Board of Education’s compliance with those requirements.

Opinion on Each Major Federal or State Program

In our opinion, Spring Lake Heights Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Report on Internal Control Over Compliance

Management of Spring Lake Heights Board of Education 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 Spring Lake Heights Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Spring Lake Heights Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information of the management of the Board of Education of the Spring Lake Heights School District, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a long horizontal line extending to the left.

Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
October 11, 2013

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

For the fiscal year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2012	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ (Repayment) of Prior Years' Balances	June 30, 2013		
				From	To						(Accounts Receivable)	Deferred Revenue	Due To Grantor
U.S. Department of Agriculture: Passed-Through State Department of Education: Food Donation	10.550	N/A	\$ 9,445.56	07/01/12	06/30/13			\$ 9,445.56	\$ (9,445.56)				
National School Lunch Program	10.555	N/A	17,986.86	07/01/12	06/30/13			14,076.83	(17,986.86)		\$ (3,910)		
National School Lunch Program	10.555	N/A	17,972.45	07/01/11	06/30/12	\$ (900)		900					
Total U.S. Department of Agriculture						(900)		24,423	(27,432)		(3,910)		
U.S. Department of Education: General Fund: Education Jobs Fund	84.410A	N/A	16,501.00	08/10/10	09/30/12	(3,751)		3,751					
Total General Fund						(3,751)		3,751					
U.S. Department of Education: Passed-Through State Department of Education: I.D.E.A. Part B, Basic	84.027	IDEA499013	108,410.00	09/01/12	08/31/13			64,840.00	(108,410.00)		(43,570)		
I.D.E.A. Part B, Basic	84.027	IDEA499012	110,113.00	09/01/11	08/31/12	(11,798.00)		11,798.00					
I.D.E.A. Part B, Preschool	84.173	IDEA499013	1,353.00	09/01/12	08/31/13				(1,353.00)		(1,353)		
I.D.E.A. Part B, Preschool	84.173	IDEA499012	1,379.00	09/01/11	08/31/12	(539.00)		539.00					
Title I - Part A	84.010A	NCLB499013	14,487.00	09/01/12	08/31/13			11,130.00	(12,808.00)		(1,678)		
Title I - Part A	84.010A	NCLB499012	15,151.00	09/01/11	08/31/12	(6,667.00)		6,726.00	(59.00)				
Title II - Part A - Improving Teacher Quality State Grants	84.367A	NCLB499013	14,218	09/01/12	08/31/13			13,245	(13,893)		(648)		
Title II - Part A - Improving Teacher Quality State Grants	84.367A	NCLB499012	17,207.00	09/01/11	08/31/12	(6,680)		6,881	(201)				
Total Passed-Through State Department of Education						(25,684)		115,159	(136,724)		(47,249)		
Total Federal Financial Awards						\$ (30,335)	\$ 0.00	\$ 143,333	\$ (164,157)	\$ 0.00	\$ (51,159)	\$ 0.00	\$ 0.00

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2012			Balance at June 30, 2013					Memo		
					Deferred Revenues/ (Accounts Receivable)	Due To Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Special Education Aid	13-495-034-5120-089	\$ 280,582.00	07/01/12	06/30/13			\$ 280,582.00	\$ (280,582.00)						\$ 26,116.00	\$ 280,582.00
Transportation Aid	13-495-034-5120-014	22,454.00	07/01/12	06/30/13			22,454.00	(22,454.00)							22,454.00
Security Aid	13-495-034-5120-084	7,454.00	07/01/12	06/30/13			7,454.00	(7,454.00)						2,161.00	7,454.00
Extraordinary Special Education Aid	13-100-034-5120-473	16,324.00	07/01/12	06/30/13				(16,324.00)		\$ (16,324.00)					16,324.00
Reimbursement of Nonpublic Transportation	12103190	4,866.20	07/01/11	06/30/12	\$ (4,866.20)		4,866.20								4,866.20
Reimbursement of Nonpublic Transportation	13103190	780.20	07/01/12	06/30/13				(780.20)		(780.20)					780.20
On-Behalf TPAF Pension Contributions	13-495-034-5095-006	131,666.00	07/01/12	06/30/13			131,666.00	(131,666.00)							131,666.00
On-Behalf TPAF Pension System Contribution - NCGI	13-495-034-5095-007	6,927.00	07/01/12	06/30/13			6,927.00	(6,927.00)							6,927.00
On-Behalf TPAF Pension System Contribution - Post Retirement	13-495-034-5095-001	156,715.00	07/01/12	06/30/13			156,715.00	(156,715.00)							156,715.00
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	168,967.51	07/01/12	06/30/13			160,596.91	(168,967.51)		(8,370.60)					168,967.51
Total General Fund					<u>(4,866.20)</u>		<u>771,261.11</u>	<u>(791,869.71)</u>		<u>(25,474.80)</u>				<u>28,277.00</u>	<u>796,735.91</u>
Enterprise Fund:															
State School Lunch Program	12-100-010-3350-023	1,080.87	07/01/11	06/30/12	(51.55)		51.55								1,080.87
State School Lunch Program	13-100-010-3350-023	936.14	07/01/12	06/30/13			737.32	(936.14)		(198.82)					936.14
Total Enterprise Fund					<u>(51.55)</u>		<u>788.87</u>	<u>(936.14)</u>		<u>(198.82)</u>					<u>2,017.01</u>
Total State Financial Assistance					<u>\$ (4,917.75)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 772,049.98</u>	<u>\$ (792,805.85)</u>	<u>\$ 0.00</u>	<u>\$ (25,673.62)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 28,277.00</u>	<u>\$ 798,752.92</u>

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2013

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board") of Spring Lake Heights, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,955.00) for the General Fund and \$(150.00) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2013

3. Relationship to Basic Financial Statements (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 787,914.71	\$ 787,914.71
Special Revenue Fund	\$ 136,574.20		136,574.20
Food Service Fund	<u>27,432.42</u>	<u>936.14</u>	<u>28,368.56</u>
Total Awards and Financial Assistance	<u>\$ 164,006.62</u>	<u>\$ 788,850.85</u>	<u>\$ 952,857.47</u>

4. Relationship to Federal and State Financial Reports

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

5. Federal and State Loans Outstanding

The Spring Lake Heights School District had the following loan balances outstanding at June 30, 2013:

<u>Loan Program Title</u>	<u>Amount Outstanding</u>
E.D.A. Small Projects	\$ 20,597.49
E.D.A. Safe Program Loan	4,877.63

6. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2013.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued in compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None reported.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

None reported.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and OMB Circular A-133 (section .315 (a)(b)) and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.