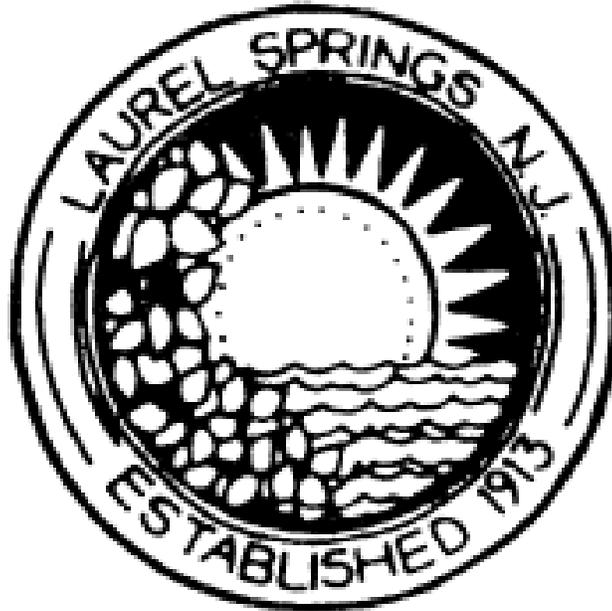


**BOROUGH OF LAUREL SPRINGS**

**SCHOOL DISTRICT**

**LAUREL SPRINGS, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

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## INTRODUCTORY SECTION



# LAUREL SPRINGS SCHOOL DISTRICT

623 Grand Avenue and Stone Road

Laurel Springs, New Jersey 08021

(856) 783-1086

Mr. Thomas F. Attanasi  
Superintendent  
tattanasi@laurelspringschool.org

September 22, 2014

Honorable President and  
Members of the Board of Education  
Laurel Springs School District  
County of Camden, New Jersey

Dear Members of the Board;

The Comprehensive Annual Financial Report (CAFR) of the Laurel Springs School District (District) for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the management of the Board of Education (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 position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations," and the State of New Jersey Circular 04-04 OMB, "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 compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

EDUCATION: "A Family Affair"

1. **REPORTING ENTITY AND ITS SERVICES:** Laurel Springs School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the “Board”). The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten (PK) through grade six (6). These include regular education and special education for handicapped youngsters. The District completed the 2013-2014 fiscal year with an enrollment of one hundred and ninety one (191) students, representing a slight change from the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

| FISCAL YEAR | STUDENT<br>ENROLLMENT | INCREASE<br>(DECREASE) | PERCENT<br>CHANGE |
|-------------|-----------------------|------------------------|-------------------|
| 2013-2014   | 191                   | 7                      | 3.80%             |
| 2012-2013   | 184                   | (4)                    | (2.12%)           |
| 2011-2012   | 188                   | 21                     | 12.6%             |
| 2010-2011   | 167                   | (12)                   | (6.7%)            |
| 2009-2010   | 179                   | (1)                    | (0.6%)            |

2. **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Laurel Springs is a small suburban town of .5 square miles. Laurel Springs is a community composed of 95% residential property, 5% commercial property and no industrial property.

Laurel Springs incorporated as a Borough on April 2, 1913, pulling away from Clementon Township. Established as a residential community, Laurel Springs has maintained its appeal in this respect. Laurel Lake and Crystal Springs have been a focal point of the community throughout years of popularity as a resort area. Years of volunteer citizen efforts have contributed to the revival and maintenance of the lake and spring area.

Though small in size, Laurel Springs has always been an active, involved community. Home to many who contributed to the industrial development of the Delaware Valley, Laurel Springs can be proud of its service and support to the nation as well as its initiation of area cooperation in police and fire protection through a monitor system designed and installed by Jack Hagan. This monitoring system is still in operation and is now operated by Camden County at the Lindenwold facility.

Population census information indicates that Laurel Springs has experienced a decrease in population with the current population being 1,895, down from 1,970 as per the 2000 census, thus reflecting a 3.8% decrease. The school enrollment has fluctuated periodically, however, has remained basically stable for the past dozen or so years with only minor changes from year to year.

Teachers and students continue to expand computer technology knowledge and use. Teachers now have individual websites for their classrooms and linked with our school website. Distance learning opportunities are available throughout the year for each classroom. A technology mobile lab is now available for our upper grade students. This lab has 10 laptop computers attached to the wireless internet. We will continue to monitor the alignment of curriculum with Core Content Standards in other subject areas. The School Level Plan Committee, composed of parents, teachers, Board members, and school administrator meets twice a year to discuss our direction for the development of school objectives to be submitted to the state in accordance with monitoring requirements.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as reappropriations of fund balance in the subsequent year. There are no encumbrances reported as a reservation of fund balance at June 30, 2014.

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

6. **MANAGEMENT'S DISCUSSION AND ANALYSIS:** GAAP requires that the management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

7. **DEBT ADMINISTRATION:** At June 30, 2014, the District's outstanding debt issues included \$2,302,000.00 of general obligation bonds.

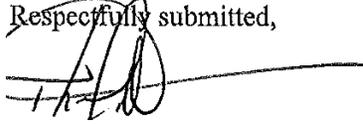
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10. **OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State of New Jersey Circular 04-04 OMB. The auditor's report on the entity-wide financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of the report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Laurel Springs Board of Education for the 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.

Respectfully submitted,

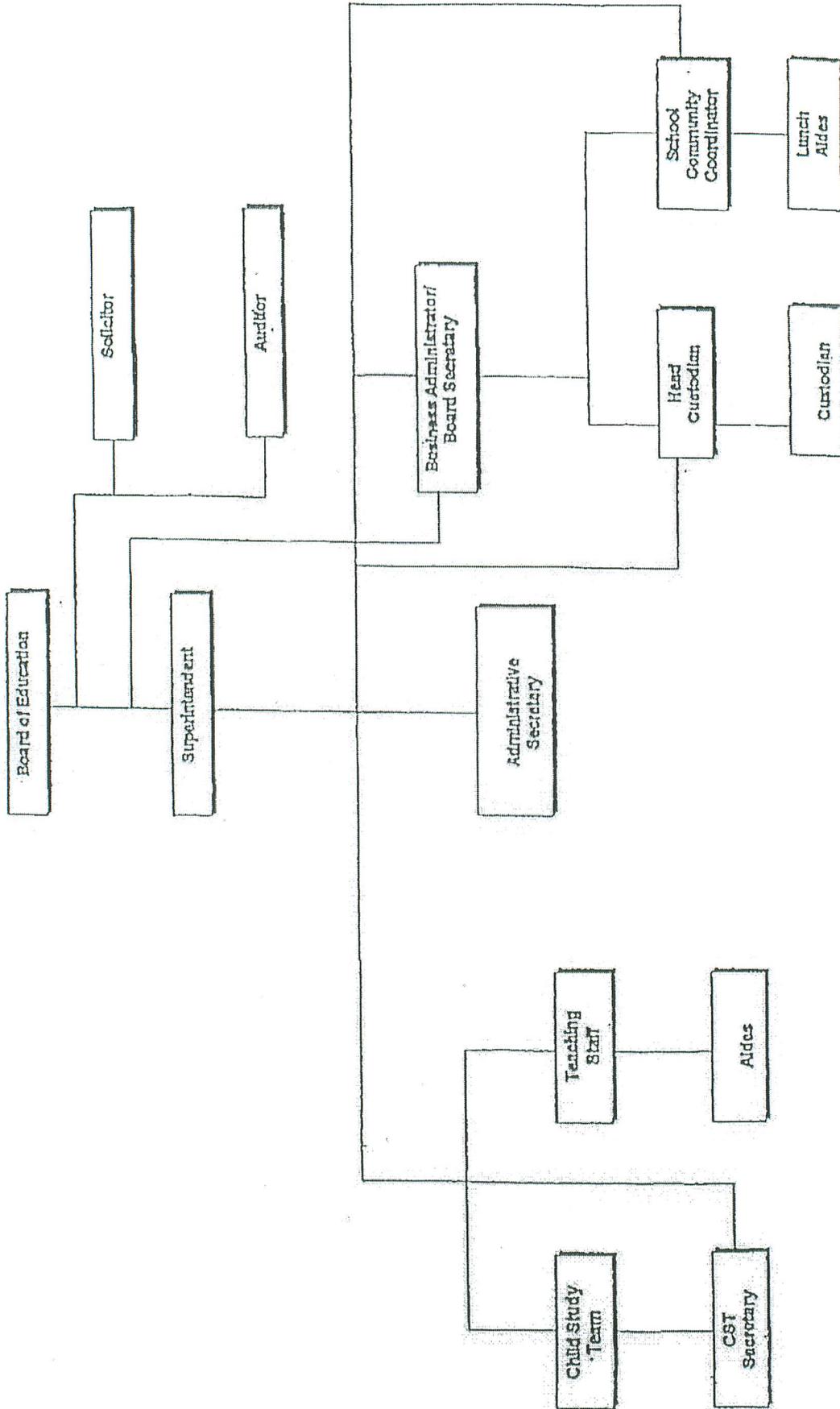
A handwritten signature in black ink, appearing to read 'T. Attanasi', with a long horizontal line extending to the right.

Mr. Thomas F. Attanasi  
Superintendent

A handwritten signature in black ink, appearing to read 'William H. Thompson', written in a cursive style.

William H. Thompson  
Board Secretary/Business Administrator

**LAUREL SPRINGS BOARD OF EDUCATION**  
 Organizational Chart  
 (Unit Control)



**BOROUGH OF LAUREL SPRINGS  
BOARD OF EDUCATION  
LAUREL SPRINGS, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2014**

**Members of the Board of Education**

**Term Expires**

|                               |      |
|-------------------------------|------|
| Doris Walsh, President        | 2015 |
| Michael Brown, Vice President | 2014 |
| Maria Bliem                   | 2014 |
| Howard Miller                 | 2014 |
| Steve Troilo                  | 2015 |
| Kathy Buchanan                | 2015 |
| Leah Straub                   | 2016 |
| Elizabeth Hobbs               | 2016 |
| Monica Korn                   | 2016 |

**Other Officials**

Thomas Attanasi, Superintendent  
William H. Thompson, Board Secretary/Business Administrator  
John Wade, Esq. Solicitor

**BOROUGH OF LAUREL SPRINGS  
BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

**Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043**

**Attorney**

**John Wade, Esquire  
1250 Chews Landing Road  
Laurel Springs, NJ 08021**

**Broker of Record**

**William E. Mc Namera  
Richard Hardenbergh Insurance Company  
Main Street, Plaza 100 Suite 100  
Voorhees, NJ 08043**

**Official Depository**

**TD Bank N.A.  
55 S. White Horse Pike  
Stratford, NJ 08084**

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

### ***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 Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Borough of Laurel Springs School District in the County of Camden, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 Borough of Laurel Springs School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2014 on our consideration of the Borough of Laurel Springs 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 the Borough of Laurel Springs School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
September 22, 2014

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 22, 2014.

***Internal Control Over Financial Reporting***

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

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough of Laurel Springs School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding no. 2014-1.

### ***The Borough of Laurel Springs School District's Response to Findings***

The Borough of Laurel Springs School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
September 22, 2014

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The discussion and analysis of the Borough of Laurel Springs Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights:**

Key financial highlights for 2014 are as follows:

- In total, net position decreased by \$114,261.27.
- General revenues account for \$5,180,723.58 in revenue or ninety-six percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$240,846.29 or four percent of total revenues of \$5,421,569.87.
- The School District had \$5,535,831.14 in expenses; only \$240,846.29 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues of \$5,180,723.58 plus anticipated fund balance were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$4,982,641.87 in revenues and \$5,101,103.41 in expenditures. The General Fund's balance decreased \$68,445.83 from 2013. This decrease was anticipated by the Board of Education.

**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 the Borough of Laurel Springs Public 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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Borough of Laurel Springs Public School District, the General Fund is by far the most significant fund.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 2014?" The Statement of Net Position and the Statement of Activities 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 businesses. 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 its net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

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

- Governmental activities – all of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extra-curricular activities.
- Business-type activity – this service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

Table 1 provides a summary of the School District's Net Position for 2014 and 2013.

**Table 1  
Net Position**

The District's combined net position was \$805,212.00 on June 30, 2014. This was a decrease of 12.43 percent from the prior year.

Total assets decreased \$218,116.93. A decrease in current and other assets of \$55,170.88 was due mainly to an overall decrease in receivables.

|                                  | <u>June 30, 2014</u>        | <u>June 30, 2013</u>        |
|----------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                    |                             |                             |
| Current and Other Assets         | \$ 499,774.65               | \$ 554,945.53               |
| Capital Assets                   | <u>2,879,023.63</u>         | <u>3,041,969.68</u>         |
| Total Assets                     | <u>3,378,798.28</u>         | <u>3,596,915.21</u>         |
| <b>Liabilities</b>               |                             |                             |
| Long-term Liabilities            | 2,330,586.46                | 2,452,836.00                |
| Other Liabilities                | <u>242,999.82</u>           | <u>224,605.94</u>           |
| Total Liabilities                | <u>2,573,586.28</u>         | <u>2,677,441.94</u>         |
| <b>Net Position</b>              |                             |                             |
| Net Investment in Capital Assets | 577,023.63                  | 614,969.68                  |
| Restricted                       | 0.89                        | 6.52                        |
| Unrestricted                     | <u>228,187.48</u>           | <u>304,497.07</u>           |
| <b>Total Net Position</b>        | <u><u>\$ 805,212.00</u></u> | <u><u>\$ 919,473.27</u></u> |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

Table 2 shows changes in Net Position for fiscal year 2014 compared to the fiscal year 2013.

**Table 2  
Changes in Net Position**

|   | <u>June 30, 2014</u>   | <u>June 30, 2013</u>  |
|---|------------------------|-----------------------|
| <b>Revenues</b>                                     |                        |                       |
| Program Revenues:                                   |                        |                       |
| Charges for Services                                | \$ 12,339.70           | \$ 13,848.25          |
| Operating Grants and Contributions                  | 228,506.59             | 214,254.50            |
| General Revenues:                                   |                        |                       |
| Property Taxes                                      | 2,999,121.00           | 2,706,491.00          |
| Grants and Entitlements                             | 2,119,824.26           | 2,040,130.73          |
| Other   | 61,778.32              | (7,879.43)            |
| Total Revenues                                      | <u>5,421,569.87</u>    | <u>4,966,845.05</u>   |
| <b>Program Expenses</b>                             |                        |                       |
| Instruction   | 1,386,804.05           | 1,392,159.79          |
| Support Services:                                   |                        |                       |
| Pupils and Instructional Staff                      | 2,841,478.42           | 2,267,787.28          |
| General Administration, School Administration       | 249,986.15             | 259,777.91            |
| Business Operations, and Maintenances of Facilities | 233,495.37             | 238,525.24            |
| Pupil Transportation                                | 49,556.70              | 46,319.47             |
| Unallocated Benefits                                | 631,036.63             | 653,433.38            |
| Interest on Debt                                    | 97,652.71              | 102,387.63            |
| Food Service  | 45,821.11              | 45,093.66             |
| Total Expenses                                      | <u>5,535,831.14</u>    | <u>5,005,484.36</u>   |
| Decrease in Net Position                            | <u>\$ (114,261.27)</u> | <u>\$ (38,639.31)</u> |

Program revenues include charges for services and operating grants and contributions.

General revenues include property taxes, grants and entitlements, and other revenues, with property taxes being the predominant source of revenue for the District. There was a \$292,630.00 increase in property taxes due primarily to an increase in the general fund tax levy. There was an increase of \$93,945.62 in grants and entitlements due primarily to an increase in State aid allocation.

Total expenses increased by \$530,346.78 due to various general increases in Support Services – Pupils & Instructional Staff.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Governmental Activities**

Property taxes made up 55.7 percent of revenues for governmental activities for the Borough of Laurel Springs Public School District for fiscal year 2014. The District's total revenues were \$5,383,332.59 for the year ended June 30, 2014. Federal, State, and local grants accounted for another 39.1 percent of revenue.

The total cost of all programs and services was \$5,451,784.05. Instruction comprises 23.1 percent of District expenses.

**Business-Type Activities**

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

- Food service expenses exceeded revenues by \$7,583.83.
- Charges for services represent \$12,339.70 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and State requirements for meals including payments for free and reduced lunches and breakfast was \$25,897.58.

**Governmental Activities**

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. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**Table 3**

|   | <u><b>Total Cost of<br/>Services 2014</b></u> | <u><b>Total Cost of<br/>Services 2013</b></u> | <u><b>Net Cost of<br/>Services 2014</b></u> | <u><b>Net Cost of<br/>Services 2013</b></u> |
|---|---|---|---|---|
| Instruction   | \$ 1,386,804.05                               | \$ 1,392,159.78                               | \$ 1,276,056.83                             | \$ 1,286,421.18                             |
| Support Services:   |   |   |   |   |
| Pupils and Instructional<br>Staff   | 2,841,478.42                                  | 2,267,787.29                                  | 2,833,079.09                                | 2,261,035.79                                |
| General Administration,<br>School Administration,<br>Business Operation<br>and Maintenance of<br>Facilities | 1,114,518.15                                  | 1,151,736.53                                  | 1,107,584.69                                | 1,145,889.50                                |
| Pupil Transportation  | <u>49,556.70</u>                              | <u>46,319.47</u>                              | <u>49,556.70</u>                            | <u>46,319.47</u>                            |
| <b>Total Expenses</b>   | <u><u>\$ 5,392,357.32</u></u>                 | <u><u>\$ 4,858,003.07</u></u>                 | <u><u>\$ 5,266,277.31</u></u>               | <u><u>\$ 4,739,665.94</u></u>               |

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student including extra-curricular activities.

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

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

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

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.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,333,316.88 and expenditures were \$5,451,784.05. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$68,445.83.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund.

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

- TPAF, which is the State's contribution to the pension fund, is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.
- Home instruction, both salaries and contracted, were higher than past years due to the number of students who were ill or placed on home instruction pending other placements.
- Reductions were made to the instructional supply and textbook accounts at the end of the school year after all instructional purchases had been made. These funds helped offset other accounts that were nearing over-expenditure.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.

**Capital Assets**

At the end of the fiscal year 2014, the School District had \$2,878,849.44 invested in land, building, furniture and equipment, vehicles and construction in progress. Table 4 shows fiscal year 2014 balances compared to 2013.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT  
LAUREL SPRINGS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

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

|                                    | <u>2014</u>            | <u>2013</u>            |
|------------------------------------|------------------------|------------------------|
| Land                               | \$ 6,100.00            | \$ 6,100.00            |
| Building and Building Improvements | 2,867,082.94           | 3,026,671.28           |
| Machinery and Equipment            | 5,666.50               | 8,501.60               |
| <b>Total</b>                       | <u>\$ 2,878,849.44</u> | <u>\$ 3,041,272.88</u> |

Overall capital assets decreased \$162,423.44 from fiscal year 2013 to fiscal year 2014 as a result of depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2014, the School District had \$2,302,000.00 for outstanding debt.

**For the Future**

The Borough of Laurel Springs Public School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased.

In conclusion, the Borough of Laurel Springs Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**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, contact William H. Thompson, School Business Administrator/Board Secretary, at Laurel Springs Public School District, 623 Grand Avenue and Stone Road, Laurel Springs, NJ 08021.

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2014

|                                      | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>         |
|--------------------------------------|-----------------------------------|------------------------------------|----------------------|
| <b>ASSETS:</b>                       |                                   |                                    |                      |
| Cash and Cash Equivalents            | \$ 135,274.79                     | \$ 12,848.54                       | \$ 148,123.33        |
| Intergovernmental Receivables        | 174,560.00                        | 3,769.04                           | 178,329.04           |
| Interfunds Receivable                | 172,208.71                        |                                    | 172,208.71           |
| Restricted Assets:                   |                                   |                                    |                      |
| Restricted Cash and Cash Equivalents | 0.89                              |                                    | 0.89                 |
| Capital Reserve Account - Cash       | 1,112.68                          |                                    | 1,112.68             |
| Capital Assets, net (Note 5)         | <u>2,878,849.44</u>               | <u>174.19</u>                      | <u>2,879,023.63</u>  |
| <b>Total Assets</b>                  | <u>3,362,006.51</u>               | <u>16,791.77</u>                   | <u>3,378,798.28</u>  |
| <b>LIABILITIES:</b>                  |                                   |                                    |                      |
| Accounts Payable                     | 9,937.32                          |                                    | 9,937.32             |
| Interfunds Payable                   | 118,250.91                        | 51,502.80                          | 169,753.71           |
| Accrued Interest Payable             | 36,652.94                         |                                    | 36,652.94            |
| Payable to State Government          | 3,208.86                          |                                    | 3,208.86             |
| Unearned Revenue                     | 23,446.99                         |                                    | 23,446.99            |
| Noncurrent Liabilities (Note 6):     |                                   |                                    |                      |
| Due within One Year                  | 125,000.00                        |                                    | 125,000.00           |
| Due beyond One Year                  | <u>2,205,586.46</u>               |                                    | <u>2,205,586.46</u>  |
| <b>Total Liabilities</b>             | <u>2,522,083.48</u>               | <u>51,502.80</u>                   | <u>2,573,586.28</u>  |
| <b>NET POSITION:</b>                 |                                   |                                    |                      |
| Net Investment in Capital Assets     | 576,849.44                        | 174.19                             | 577,023.63           |
| Restricted for:                      |                                   |                                    |                      |
| Debt Service                         | 0.89                              |                                    | 0.89                 |
| Unrestricted (Deficit)               | <u>263,072.70</u>                 | <u>(34,885.22)</u>                 | <u>228,187.48</u>    |
| <b>Total Net Position</b>            | <u>\$ 839,923.03</u>              | <u>\$ (34,711.03)</u>              | <u>\$ 805,212.00</u> |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

| Functions / Programs  | Expenses               | Program Revenues        |  |                            | Net (Expense) Revenue and<br>Changes in Net Position |                       |
|---|------------------------|-------------------------|--|----------------------------|--|-----------------------|
|   |                        | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities | Business-Type<br>Activities                          | Total                 |
| <b>Governmental Activities:</b>   |                        |                         |  |                            |  |                       |
| Instruction:  |                        |                         |  |                            |  |                       |
| Regular   | \$ 1,137,977.91        |                         | \$ 110,747.22                            | \$ (1,027,230.69)          |  | \$ (1,027,230.69)     |
| Special Education   | 204,434.70             |                         |  | (204,434.70)               |  | (204,434.70)          |
| Other Special Instruction   | 36,587.91              |                         |  | (36,587.91)                |  | (36,587.91)           |
| Co-Curricular / Extra-Curricular Instruction                                    | 5,643.75               |                         |  | (5,643.75)                 |  | (5,643.75)            |
| Community Services Programs / Operations  | 2,159.78               |                         |  | (2,159.78)                 |  | (2,159.78)            |
| Support Services:   |                        |                         |  |                            |  |                       |
| Tuition   | 2,562,504.23           |                         |  | (2,562,504.23)             |  | (2,562,504.23)        |
| Student and Instruction Related Services  | 278,974.19             |                         | 8,399.33                                 | (270,574.86)               |  | (270,574.86)          |
| General Administrative Services   | 124,425.47             |                         |  | (124,425.47)               |  | (124,425.47)          |
| School Administrative Services  | 61,728.55              |                         |  | (61,728.55)                |  | (61,728.55)           |
| Central Services  | 63,832.13              |                         |  | (63,832.13)                |  | (63,832.13)           |
| Plant Operations and Maintenance  | 233,495.37             |                         |  | (233,495.37)               |  | (233,495.37)          |
| Pupil Transportation  | 49,556.70              |                         |  | (49,556.70)                |  | (49,556.70)           |
| Unallocated Benefits  | 631,036.63             |                         | 6,933.46                                 | (624,103.17)               |  | (624,103.17)          |
| Interest on Debt  | 97,652.71              |                         | 76,529.00                                | (21,123.71)                |  | (21,123.71)           |
| <b>Total Governmental Activities</b>  | <b>5,490,010.03</b>    | <b>\$ -</b>             | <b>202,609.01</b>                        | <b>(5,287,401.02)</b>      | <b>\$ -</b>  | <b>(5,287,401.02)</b> |
| <b>Business-Type Activities:</b>  |                        |                         |  |                            |  |                       |
| Food Service  | 45,821.11              | 12,339.70               | 25,897.58                                |                            | (7,583.83)   | (7,583.83)            |
| <b>Total Business-Type Activities</b>   | <b>45,821.11</b>       | <b>12,339.70</b>        | <b>25,897.58</b>                         | <b>-</b>                   | <b>(7,583.83)</b>                                    | <b>(7,583.83)</b>     |
| <b>Total Primary Government</b>   | <b>\$ 5,535,831.14</b> | <b>\$ 12,339.70</b>     | <b>\$ 228,506.59</b>                     | <b>(5,287,401.02)</b>      | <b>(7,583.83)</b>                                    | <b>(5,294,984.85)</b> |
| <b>General Revenues:</b>  |                        |                         |  |                            |  |                       |
| Taxes:  |                        |                         |  |                            |  |                       |
| Property Taxes, Levied for General Purposes, net                                |                        |                         |  | 2,851,055.00               |  | 2,851,055.00          |
| Taxes Levied for Debt Service   |                        |                         |  | 148,066.00                 |  | 148,066.00            |
| Federal and State Aid Not Restricted  |                        |                         |  | 2,119,824.26               |  | 2,119,824.26          |
| Cancellation of Federal Grant - Unearned Revenue                                |                        |                         |  | 0.59                       |  | 0.59                  |
| Cancellation of Accounts Payable  |                        |                         |  | 50,015.12                  |  | 50,015.12             |
| Miscellaneous Income  |                        |                         |  | 11,762.61                  |  | 11,762.61             |
| <b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b> |                        |                         |  | <b>5,180,723.58</b>        | <b>-</b>   | <b>5,180,723.58</b>   |
| <b>Change in Net Position</b>   |                        |                         |  | <b>(106,677.44)</b>        | <b>(7,583.83)</b>                                    | <b>(114,261.27)</b>   |
| <b>Net Position (Deficit) -- July 1</b>   |                        |                         |  | <b>946,600.47</b>          | <b>(27,127.20)</b>                                   | <b>919,473.27</b>     |
| <b>Net Position (Deficit) -- June 30</b>  |                        |                         |  | <b>\$ 839,923.03</b>       | <b>\$ (34,711.03)</b>                                | <b>\$ 805,212.00</b>  |

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

FUND FINANCIAL STATEMENTS

## BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2014

|  | General<br>Fund      | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS:                                      |                      |                            |                             |                         |                                |
| Cash and Cash Equivalents                    | \$ 135,274.79        |                            |                             | \$ 0.89                 | \$ 135,275.68                  |
| Capital Reserve Account                      | 1,112.68             |                            |                             |                         | 1,112.68                       |
| Intergovernmental Accounts Receivable        |                      |                            |                             |                         |                                |
| Federal                                      |                      | \$ 149,527.00              |                             |                         | 149,527.00                     |
| State  | 25,033.00            |                            |                             |                         | 25,033.00                      |
| Other Accounts Receivable                    |                      |                            |                             |                         | -                              |
| Interfund Receivable                         | 172,208.71           |                            |                             |                         | 172,208.71                     |
| <b>Total Assets</b>                          | <b>333,629.18</b>    | <b>149,527.00</b>          | <b>\$ -</b>                 | <b>0.89</b>             | <b>483,157.07</b>              |
| LIABILITIES AND FUND BALANCES:               |                      |                            |                             |                         |                                |
| Liabilities:                                 |                      |                            |                             |                         |                                |
| Accounts Payable                             | 3,285.38             | 6,651.94                   |                             |                         | 9,937.32                       |
| Interfund Payable                            | 1,880.00             | 116,370.91                 |                             |                         | 118,250.91                     |
| Payable to Federal Government                | 151.70               | 3,057.16                   |                             |                         | 3,208.86                       |
| Unearned Revenue                             |                      | 23,446.99                  |                             |                         | 23,446.99                      |
| <b>Total Liabilities</b>                     | <b>5,317.08</b>      | <b>149,527.00</b>          | <b>-</b>                    | <b>-</b>                | <b>154,844.08</b>              |
| Fund Balances:                               |                      |                            |                             |                         |                                |
| Restricted:                                  |                      |                            |                             |                         |                                |
| Capital Reserve Account                      | 1,112.68             |                            |                             |                         | 1,112.68                       |
| Debt Service                                 |                      |                            |                             | 0.89                    | 0.89                           |
| Assigned:                                    |                      |                            |                             |                         |                                |
| Designated for Subsequent Year's Expenditure | 236,329.42           |                            |                             |                         | 236,329.42                     |
| Unassigned:                                  |                      |                            |                             |                         |                                |
| General Fund                                 | 90,870.00            |                            |                             |                         | 90,870.00                      |
| <b>Total Fund Balances</b>                   | <b>328,312.10</b>    | <b>-</b>                   | <b>-</b>                    | <b>0.89</b>             | <b>328,312.99</b>              |
| <b>Total Liabilities and Fund Balances</b>   | <b>\$ 333,629.18</b> | <b>\$ 149,527.00</b>       | <b>\$ -</b>                 | <b>\$ 0.89</b>          | <b>483,157.07</b>              |

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

|  |                      |
|--|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,819,285.29 and the accumulated depreciation is \$940,435.85. | 2,878,849.44         |
| Accrued interest on bonds payable, is not due and payable in the current Period and therefore are not reported as liabilities in the funds.  | (36,652.94)          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.  | (2,330,586.46)       |
| Net Position of governmental activities  | <u>\$ 839,923.03</u> |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

|  | General<br>Fund      | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>REVENUES:</b>                                     |                      |                            |                             |                         |                                |
| Local Tax Levy                                       | \$ 2,851,055.00      |                            |                             | \$ 148,066.00           | \$ 2,999,121.00                |
| Unrestricted Miscellaneous Revenues                  | 11,762.61            |                            |                             |                         | 11,762.61                      |
| State Sources  | 2,119,824.26         |                            |                             | 76,529.00               | 2,196,353.26                   |
| Federal Sources                                      |                      | \$ 126,080.01              |                             |                         | 126,080.01                     |
| <b>Total Revenues</b>                                | <b>4,982,641.87</b>  | <b>126,080.01</b>          | <b>\$ -</b>                 | <b>224,595.00</b>       | <b>5,333,316.88</b>            |
| <b>EXPENDITURES:</b>                                 |                      |                            |                             |                         |                                |
| <b>Current:</b>                                      |                      |                            |                             |                         |                                |
| Regular Instruction                                  | 905,413.11           | 110,747.22                 |                             |                         | 1,016,160.33                   |
| Special Education Instruction                        | 196,313.53           |                            |                             |                         | 196,313.53                     |
| Other Special Instruction                            | 36,587.91            |                            |                             |                         | 36,587.91                      |
| Co-Curricular / Extra-Curricular Instruction         | 5,643.75             |                            |                             |                         | 5,643.75                       |
| Community Services Programs / Operations             | 2,159.78             |                            |                             |                         | 2,159.78                       |
| Support Services and Undistributed Costs:            |                      |                            |                             |                         |                                |
| Tuition  | 2,562,504.23         |                            |                             |                         | 2,562,504.23                   |
| Student and Instruction Related Services             | 254,332.52           | 8,399.33                   |                             |                         | 262,731.85                     |
| General Administrative Services                      | 116,304.30           |                            |                             |                         | 116,304.30                     |
| School Administrative Services                       | 57,667.96            |                            |                             |                         | 57,667.96                      |
| Central Services                                     | 59,771.54            |                            |                             |                         | 59,771.54                      |
| Plant Operations and Maintenance                     | 233,495.37           |                            |                             |                         | 233,495.37                     |
| Pupil Transportation                                 | 49,556.70            |                            |                             |                         | 49,556.70                      |
| Unallocated Benefits                                 | 621,352.71           | 6,933.46                   |                             |                         | 628,286.17                     |
| Debt Service:  |                      |                            |                             |                         |                                |
| Principal  |                      |                            |                             | 125,000.00              | 125,000.00                     |
| Interest and Other Charges                           |                      |                            |                             | 99,600.63               | 99,600.63                      |
| <b>Total Expenditures</b>                            | <b>5,101,103.41</b>  | <b>126,080.01</b>          | <b>-</b>                    | <b>224,600.63</b>       | <b>5,451,784.05</b>            |
| Excess (Deficiency) of Revenues<br>over Expenditures | (118,461.54)         | -                          | -                           | (5.63)                  | (118,467.17)                   |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                      |                            |                             |                         |                                |
| Cancellation of Accounts Payable                     | 50,015.12            |                            |                             |                         | 50,015.12                      |
| Cancellation of Federal Grant - Unearned Revenue     | 0.59                 |                            |                             |                         | 0.59                           |
| <b>Total Other Financing Sources (Uses)</b>          | <b>50,015.71</b>     | <b>-</b>                   | <b>-</b>                    | <b>-</b>                | <b>50,015.71</b>               |
| <b>Net Change in Fund Balances</b>                   | <b>(68,445.83)</b>   | <b>-</b>                   | <b>-</b>                    | <b>(5.63)</b>           | <b>(68,451.46)</b>             |
| Fund Balance -- July 1                               | 396,757.93           | -                          | -                           | 6.52                    | 396,764.45                     |
| <b>Fund Balance -- June 30</b>                       | <b>\$ 328,312.10</b> | <b>\$ -</b>                | <b>\$ -</b>                 | <b>\$ 0.89</b>          | <b>\$ 328,312.99</b>           |

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

**BOROUGH OF LAUREL SPRINGS 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, 2014

---

|  |                |
|--|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ (68,451.46) |
|--|----------------|

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

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

|                      |              |
|----------------------|--------------|
| Depreciation Expense | (162,423.44) |
|----------------------|--------------|

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

|  |            |
|--|------------|
|  | 125,000.00 |
|--|------------|

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

|  |          |
|--|----------|
|  | 1,947.92 |
|--|----------|

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

|  |                   |
|--|-------------------|
|  | <u>(2,750.46)</u> |
|--|-------------------|

|   |                               |
|---|-------------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ (106,677.44)</u></u> |
|---|-------------------------------|

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

|                                     | <u>Business-Type<br/>Activities -<br/>Enterprise Fund</u> |
|-------------------------------------|---|
|                                     | <u>Food<br/>Service</u>                                   |
| <b>ASSETS:</b>                      |   |
| Current Assets:                     |   |
| Cash and Cash Equivalents           | \$ 12,848.54  |
| Accounts Receivable:                |   |
| State                               | 83.43   |
| Federal                             | 3,685.61  |
|                                     | 16,617.58   |
| Total Current Assets                | 16,617.58   |
| Noncurrent Assets:                  |   |
| Furniture, Machinery and Equipment  | 8,792.04  |
| Less Accumulated Depreciation       | (8,617.85)  |
|                                     | 174.19  |
| Total Noncurrent Assets             | 174.19  |
| Total Assets                        | 16,791.77   |
| <b>LIABILITIES :</b>                |   |
| Current Liabilities:                |   |
| Interfund Payable                   | 51,502.80   |
|                                     | 51,502.80   |
| Total Current Liabilities           | 51,502.80   |
| <b>NET POSITION:</b>                |   |
| Net Investment in Capital Assets    | 174.19  |
| Unrestricted Net Position (Deficit) | (34,885.22)   |
|                                     | (34,711.03)   |
| Total Net Position (Deficit)        | \$ (34,711.03)  |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2014

|   | <u>Business-Type<br/>Activities -<br/>Enterprise Fund</u> |
|---|---|
|   | <u>Food<br/>Service</u>                                   |
| <b>OPERATING REVENUES:</b>              |   |
| Charges for Services:                   |   |
| Daily Sales - Non-Reimbursable Programs | \$ 12,339.70  |
| Total Operating Revenues                | <u>12,339.70</u>  |
| <b>OPERATING EXPENSES:</b>              |   |
| Salaries                                | 6,693.75  |
| Food Costs                              | 38,604.75   |
| Depreciation                            | <u>522.61</u>   |
| Total Operating Expenses                | <u>45,821.11</u>  |
| Operating Income (Loss)                 | <u>(33,481.41)</u>  |
| <b>NONOPERATING REVENUES:</b>           |   |
| State Sources:                          |   |
| State School Lunch Program              | 573.48  |
| Federal Sources:                        |   |
| National School Lunch Program           | <u>25,324.10</u>  |
|   | <u>25,897.58</u>  |
| Change in Net Position                  | (7,583.83)  |
| Total Net Position (Deficit) -- July 1  | <u>(27,127.20)</u>  |
| Total Net Position (Deficit) -- June 30 | <u><u>\$ (34,711.03)</u></u>                              |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2014

|   | <u>Business-Type<br/>Activities -<br/>Enterprise Fund</u> |
|---|---|
|   | <u>Food<br/>Service</u>                                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                  |   |
| Receipts from Customers   | \$ 12,339.70  |
| Payments to Suppliers   | <u>(38,604.75)</u>  |
| Net Cash Used for Operating Activities  | <u>(26,265.05)</u>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                       |   |
| State Sources   | 610.10  |
| Federal Sources   | <u>23,594.07</u>  |
| Net Cash Provided by Non-Capital Financing Activities                         | <u>24,204.17</u>  |
| Net Increase in Cash and Cash Equivalents                                     | (2,060.88)  |
| Balances -- July 1  | <u>14,909.42</u>  |
| Balances -- June 30   | <u>\$ 12,848.54</u>                                       |
| Reconciliation of Operating Loss to Net Cash Used<br>by Operating Activities: |   |
| Operating Loss  | \$ (33,481.41)  |
| Adjustments to Reconcile Operating Loss to Net Cash                           |   |
| Depreciation  | 522.61  |
| Increase in Interfund Payable   | <u>6,693.75</u>   |
| Total Adjustments   | <u>7,216.36</u>   |
| Net Cash Used for Operating Activities  | <u>\$ (26,265.05)</u>                                     |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

|   | <u>Trust Funds</u>                         | <u>Agency Funds</u>         |                     | <u>Total</u>       |
|---|--|-----------------------------|---------------------|--------------------|
|   | <u>Unemployment<br/>Compensation Trust</u> | <u>Student<br/>Activity</u> | <u>Payroll</u>      |                    |
| <b>ASSETS:</b>  |  |                             |                     |                    |
| Cash and Cash Equivalents                                   | \$ 1,551.19                                | \$ 15,153.37                | \$ 80,065.32        | \$ 96,769.88       |
| Due from General Fund                                       |  | 1,880.00                    |                     | 1,880.00           |
|   | <u>1,551.19</u>                            | <u>17,033.37</u>            | <u>80,065.32</u>    | <u>98,649.88</u>   |
| <b>LIABILITIES:</b>   |  |                             |                     |                    |
| Payable to Student Groups                                   |  | \$ 17,033.37                |                     | 17,033.37          |
| Payroll Deductions and Withholdings                         |  |                             | \$ 75,730.32        | 75,730.32          |
| Due General Fund  |  |                             | 4,335.00            | 4,335.00           |
|   |  | <u>17,033.37</u>            | <u>80,065.32</u>    | <u>97,098.69</u>   |
| Total Liabilities   | -  | <u>\$ 17,033.37</u>         | <u>\$ 80,065.32</u> | <u>97,098.69</u>   |
| <b>NET POSITION:</b>  |  |                             |                     |                    |
| Held in Trust for Unemployment<br>Claims and Other Purposes | <u>1,551.19</u>                            |                             |                     | <u>1,551.19</u>    |
| Total Net Position  | <u>\$ 1,551.19</u>                         |                             |                     | <u>\$ 1,551.19</u> |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2014

---

|                         | Unemployment<br>Compensation<br><u>Trust</u> |
|-------------------------|--|
| ADDITIONS:              |  |
| Investment Earnings:    |  |
| Interest                | \$ -   |
| DEDUCTIONS:             |  |
| Unemployment Claims     | -  |
| Total Deductions        | -  |
| Change in Net Position  | -  |
| Net Position -- July 1  | <u>1,551.19</u>                              |
| Net Position -- June 30 | <u><u>\$ 1,551.19</u></u>                    |

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

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Borough of Laurel Springs School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Reporting Entity**

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through six at the School District's one elementary school. The School District has an approximate enrollment at June 30, 2014 of 191.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. Blended component units, although legally separate entities, are in-substance, part of the government's operations. Each discretely presented component unit would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the School District has no component units, and is not a component unit of another governmental agency.

**Government-wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Property taxes, federal and state aid/grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the School District. It 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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as non-operating revenues and expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

***Agency Funds*** - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains two agency funds, a student activity fund and a payroll fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains one private-purpose trust fund:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings and interest income. Expenditures represent claims incurred for unemployment.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (Cont'd)**

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. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 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 general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Description</u>                | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Furniture, Fixtures and Equipment | 5 - 15 Years           |
| Motor Vehicles                    | 5 - 10 Years           |
| Buildings and Improvements        | 20 - 50 Years          |
| Land Improvements                 | 10 - 20 Years          |

The School District does not possess any infrastructure assets.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2014 and 2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2014, the amounts earned by these employees were disbursed to the employees' own individual accounts.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. There's no portion related to employees in the proprietary funds, if there was, it would be recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. An expenditure is recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by the Board of Education.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-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 proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. The adoption of GASBS 66, however, does not have a material impact on the School District's financial statements.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management has determined there will be no impact related to the adoption of this Statement on the School District's financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material when considered in conjunction with the adoption of Statement No. 68.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2014, the School District's bank balances of \$406,134.89 were exposed to custodial credit risk as follows:

|   |                      |
|---|----------------------|
| Uninsured and collateralized with securities<br>held by pledging financial institutions | <u>\$ 156,134.89</u> |
|---|----------------------|

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District by inclusion of \$10,000.00 in October 2000 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

There was no activity of the capital reserve account. The \$1,112.68 balance in the account as of June 30, 2014 is not in excess of the District's LRFP balance.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014 consisted of intergovernmental grants and awards. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| <u>Description</u> | <u>Governmental Funds</u> |                             | <u>Proprietary Fund</u>  | <u>Total</u>         |
|--------------------|---------------------------|-----------------------------|--------------------------|----------------------|
|                    | <u>General Fund</u>       | <u>Special Revenue Fund</u> | <u>Food Service Fund</u> |                      |
| Federal Awards     |                           | \$ 149,527.00               | \$ 3,685.61              | \$ 153,212.61        |
| State Awards       | \$ 25,033.00              |                             | 83.43                    | 25,116.43            |
|                    | <u>\$ 25,033.00</u>       | <u>\$ 149,527.00</u>        | <u>\$ 3,769.04</u>       | <u>\$ 178,329.04</u> |

**Note 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

|  | <u>Balance<br/>July 1, 2013</u> | <u>Additions</u>       | <u>Retirements<br/>and Transfers</u> | <u>Balance<br/>June 30, 2014</u> |
|--|---------------------------------|------------------------|--------------------------------------|----------------------------------|
| <b>Governmental Activities:</b>              |                                 |                        |                                      |                                  |
| Capital Assets, not being Depreciated:       |                                 |                        |                                      |                                  |
| Land   | \$ 6,100.00                     | \$ -                   | \$ -                                 | \$ 6,100.00                      |
| Capital Assets, being Depreciated:           |                                 |                        |                                      |                                  |
| Buildings and Improvements                   | 3,692,264.29                    |                        |                                      | 3,692,264.29                     |
| Furniture, Fixtures and Equipment            | 120,921.00                      |                        |                                      | 120,921.00                       |
| Total Capital Assets, being Depreciated      | 3,813,185.29                    | -                      | -                                    | 3,813,185.29                     |
| Total Capital Assets, Cost                   | 3,819,285.29                    | -                      | -                                    | 3,819,285.29                     |
| Less Accumulated Depreciation for:           |                                 |                        |                                      |                                  |
| Buildings and Improvements                   | (665,593.01)                    | (159,588.34)           |                                      | (825,181.35)                     |
| Furniture, Fixtures and Equipment            | (112,419.40)                    | (2,835.10)             |                                      | (115,254.50)                     |
| Total Accumulated Depreciation               | (778,012.41)                    | (162,423.44)           | -                                    | (940,435.85)                     |
| Total Capital Assets, being Depreciated, Net | 3,035,172.88                    | (162,423.44)           | -                                    | 2,872,749.44                     |
| Governmental Activities Capital Assets, Net  | <u>\$ 3,041,272.88</u>          | <u>\$ (162,423.44)</u> | <u>\$ -</u>                          | <u>\$ 2,878,849.44</u>           |

|  | <u>Balance<br/>July 1, 2013</u> | <u>Additions</u>   | <u>Retirements<br/>and Transfers</u> | <u>Balance<br/>June 30, 2014</u> |
|--|---------------------------------|--------------------|--------------------------------------|----------------------------------|
| <b>Business-Type Activities:</b>             |                                 |                    |                                      |                                  |
| Capital Assets, being Depreciated:           |                                 |                    |                                      |                                  |
| Furniture, Fixtures and Equipment            | \$ 8,792.04                     |                    |                                      | \$ 8,792.04                      |
| Less Accumulated Depreciation                | (8,095.24)                      | \$ (522.61)        |                                      | (8,617.85)                       |
| Business-Type Activities Capital Assets, Net | <u>\$ 696.80</u>                | <u>\$ (522.61)</u> | <u>\$ -</u>                          | <u>\$ 174.19</u>                 |

Depreciation expense was charged to functions / programs of the School District as follows:

|  |                      |
|--|----------------------|
| <b>Governmental Activities:</b>                      |                      |
| Instruction  | \$ 129,938.75        |
| Other Instruction                                    | 16,242.34            |
| General and Business Administrative Services         | 16,242.35            |
| Total Depreciation Expense - Governmental Activities | <u>\$ 162,423.44</u> |
| <b>Business-Type Activities:</b>                     |                      |
| Food Service   | <u>\$ 522.61</u>     |

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations for governmental activities:

|   | <u>Balance</u><br><u>July 1, 2013</u> | <u>Additions</u>   | <u>Reductions</u>      | <u>Balance</u><br><u>June 30, 2014</u> | <u>Due within</u><br><u>One Year</u> |
|---|---------------------------------------|--------------------|------------------------|--|--------------------------------------|
| <b>Governmental Activities:</b>             |                                       |                    |                        |  |                                      |
| Bonds Payable:                              |                                       |                    |                        |  |                                      |
| General Obligation Bonds                    | \$ 2,427,000.00                       |                    | \$ (125,000.00)        | \$ 2,302,000.00                        | \$ 125,000.00                        |
| Other Liabilities:                          |                                       |                    |                        |  |                                      |
| Compensated Absences                        | 25,836.00                             | \$ 2,750.46        |                        | 28,586.46                              |                                      |
| Governmental Activity Long-Term Liabilities | <u>\$ 2,452,836.00</u>                | <u>\$ 2,750.46</u> | <u>\$ (125,000.00)</u> | <u>\$ 2,330,586.46</u>                 | <u>\$ 125,000.00</u>                 |

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On August 15, 2007, the School District issued \$2,927,000.00 general obligation bonds at interest rates varying from 4.125% to 4.250% for construction and renovation projects. The final maturity of these bonds is August 15, 2027. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Principal</u>       | <u>Interest</u>      | <u>Total</u>           |
|--|------------------------|----------------------|------------------------|
| 2015   | \$ 125,000.00          | \$ 94,444.00         | \$ 219,444.00          |
| 2016   | 125,000.00             | 89,288.00            | 214,288.00             |
| 2017   | 125,000.00             | 84,132.00            | 209,132.00             |
| 2018   | 125,000.00             | 78,976.00            | 203,976.00             |
| 2019   | 150,000.00             | 73,304.00            | 223,304.00             |
| 2020-2024                                    | 860,000.00             | 266,051.00           | 1,126,051.00           |
| 2025-2028                                    | 792,000.00             | 66,810.00            | 858,810.00             |
|  | <u>\$ 2,302,000.00</u> | <u>\$ 753,005.00</u> | <u>\$ 3,055,005.00</u> |

**Bonds Authorized but not Issued** - As of June 30, 2014, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Note 7: OPERATING LEASES**

At June 30, 2014, the School District had operating lease agreements in effect for copy machines and computers. The future minimum rental payments under the operating lease agreements are as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> | <b>Amount</b>       |
|--|---------------------|
| 2015                                   | \$ 26,506.05        |
| 2016                                   | 13,893.04           |
| 2017                                   | <u>10,080.00</u>    |
|  | <u>\$ 50,479.09</u> |

Rental payments under operating leases for the fiscal year ended June 30, 2014 were \$26,484.45.

**Note 8: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, one School District employee participated in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

**Note 8: PENSION PLANS (CONT'D)**

**Public Employees' Retirement System** - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

| <u>Fiscal Year</u> | <u>Normal Contribution</u> | <u>Accrued Liability</u> | <u>Total Regular Pension Contributions</u> | <u>Non-Contributory Group Life Insurance</u> | <u>Paid by School District</u> |
|--------------------|----------------------------|--------------------------|--|--|--------------------------------|
| 2014               | \$ 3,856.00                | \$ 10,447.00             | \$ 14,303.00                               | \$ 218.00                                    | \$ 14,521.00                   |
| 2013               | 3,588.00                   | 8,578.00                 | 12,166.00                                  | 724.00                                       | 12,890.00                      |
| 2012               | 3,782.00                   | 7,563.00                 | 11,345.00                                  | 723.00                                       | 12,068.00                      |

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period would be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

| <u>Fiscal Year</u> | <u>Total Liability</u> | <u>Paid by School District</u> |
|--------------------|------------------------|--------------------------------|
| 2014               | \$ 932.32              | \$ 932.32                      |
| 2013               | N/A                    | N/A                            |
| 2012               | N/A                    | N/A                            |

**Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving postemployment medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 retire from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

**Note 10: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2014, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$48,749.00 and \$79,930.00, respectively.

**Note 11: RISK MANAGEMENT**

The School 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 School District maintains insurance coverage for property, liability, student accident, and surety bonds through the School Alliance Insurance Fund. 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 School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>School</u><br><u>District</u><br><u>Contributions</u> | <u>Employee</u><br><u>Contributions</u> | <u>Claims</u><br><u>Incurred</u> | <u>Ending</u><br><u>Balance</u> |
|---|--|---|----------------------------------|---------------------------------|
| 2014  | \$ -   | \$ -                                    | \$ -                             | \$ 1,551.19                     |
| 2013  | -  | -                                       | -                                | 1,551.19                        |
| 2012  | -  | -                                       | -                                | 1,551.19                        |

**Note 11: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool** - The School District is a member of the School Alliance Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
 Liability other than Motor Vehicles  
 Property Damage other than Motor Vehicles  
 Motor Vehicles  
 Environmental Impairment Liability  
 Crime Coverage

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the fiscal year ended June 30, 2014, which can be obtained from:

School Alliance Insurance Fund  
 51 Everett Drive  
 West Windsor, New Jersey 08550-5374

**Note 12: DEFERRED COMPENSATION**

The School District offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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:

Lincoln Investments Planning  
 AXA/Equitable Life Insurance Co.

**Note 13: COMPENSATED ABSENCES**

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2014, the liability for compensated absences reported on the government-wide statement of net position was \$28,586.46.

**Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2014 is as follows:

| <u>Fund</u>     | <u>Interfunds<br/>Receivable</u> | <u>Interfunds<br/>Payable</u> |
|-----------------|----------------------------------|-------------------------------|
| General         | \$ 172,208.71                    | \$ 1,880.00                   |
| Special Revenue |                                  | 116,370.91                    |
| Food Service    |                                  | 51,502.80                     |
| Fiduciary       | 1,880.00                         | 4,335.00                      |
|                 | <u>\$ 174,088.71</u>             | <u>\$ 174,088.71</u>          |

Districts are not permitted to have a cash deficit in the Special Revenue Fund; as a result an interfund was created to comply with this requirement. In addition, an interfund was created because the General Fund paid the costs associated with Food Service Fund aide's salaries. During the fiscal year 2015, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Transfer In:**  
**Food Service Fund**

**Transfer Out:**

|              |                    |
|--------------|--------------------|
| General Fund | <u>\$ 3,545.04</u> |
|--------------|--------------------|

**Note 15: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 16: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 17: DEFICIT NET POSITION**

The Food Service Enterprise Fund had a deficit in Unrestricted Net Position of \$34,885.22 as of June 30, 2014.

**Note 18: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund 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, 2014 is \$71,067.42 as presented on a budgetary basis of accounting (Exhibit C-1).

**For Capital Reserve Account** - As of June 30, 2014, the balance in the capital reserve account is \$1,112.68. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Debt Service Fund** - As of June 30, 2014, \$.89 of debt service fund balance was restricted.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2015, \$165,262.00 of general fund balance at June 30, 2014.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2014, \$90,870.00 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget  | Budget<br>Modifications | Final<br>Budget     | Actual              | Variance<br>Positive (Negative)<br>Final to Actual |
|---|---------------------|-------------------------|---------------------|---------------------|--|
| <b>REVENUES:</b>  |                     |                         |                     |                     |  |
| Local Sources:  |                     |                         |                     |                     |  |
| Local Tax Levy  | \$ 2,851,055.00     |                         | \$ 2,851,055.00     | \$ 2,851,055.00     |  |
| Unrestricted Miscellaneous  |                     |                         |                     | 11,762.61           | \$ 11,762.61                                       |
| <b>Total - Local Sources</b>  | <b>2,851,055.00</b> | <b>\$ -</b>             | <b>2,851,055.00</b> | <b>2,862,817.61</b> | <b>11,762.61</b>                                   |
| State Sources:  |                     |                         |                     |                     |  |
| Equalization Aid  | 1,536,364.00        |                         | 1,536,364.00        | 1,536,364.00        |  |
| Special Education Categorical Aid                                       | 184,193.00          |                         | 184,193.00          | 184,193.00          |  |
| School Choice Aid   | 150,720.00          |                         | 150,720.00          | 150,720.00          |  |
| Transportation Aid  | 2,014.00            |                         | 2,014.00            | 2,014.00            |  |
| Security Aid  | 6,115.00            |                         | 6,115.00            | 6,115.00            |  |
| Extraordinary Special Education Aid                                     |                     |                         |                     | 25,033.00           | 25,033.00  |
| On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted) |                     |                         |                     | 79,930.00           | 79,930.00  |
| On-Behalf T.P.A.F. Normal Contributions (non-budgeted)                  |                     |                         |                     | 48,749.00           | 48,749.00  |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)        |                     |                         |                     | 90,531.26           | 90,531.26  |
| <b>Total - State Sources</b>  | <b>1,879,406.00</b> | <b>-</b>                | <b>1,879,406.00</b> | <b>2,123,649.26</b> | <b>244,243.26</b>                                  |
| <b>Total Revenues</b>   | <b>4,730,461.00</b> | <b>-</b>                | <b>4,730,461.00</b> | <b>4,986,466.87</b> | <b>256,005.87</b>                                  |
| <b>EXPENDITURES:</b>  |                     |                         |                     |                     |  |
| Current Expense:  |                     |                         |                     |                     |  |
| Regular Programs - Instruction:   |                     |                         |                     |                     |  |
| Salaries of Teachers:   |                     |                         |                     |                     |  |
| Preschool   | 39,023.00           | (435.00)                | 38,588.00           | 38,588.00           |  |
| Kindergarten  | 78,046.00           | (870.00)                | 77,176.00           | 77,176.00           |  |
| Grades 1-5  | 513,975.00          | (38,565.27)             | 475,409.73          | 475,292.49          | 117.24   |
| Grades 6-8  | 197,384.00          | (1,068.87)              | 196,315.13          | 196,315.13          |  |
| Purchased Professional/Educational Services                             | 6,100.00            | 4,015.21                | 10,115.21           | 10,115.21           |  |
| Purchased Technical Services  | 4,100.00            | 662.50                  | 4,762.50            | 4,762.50            |  |
| Other Purchased Services  | 29,134.00           | (2,593.51)              | 26,540.49           | 25,027.28           | 1,513.21   |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|--|----------------------------|---------------------------------|-------------------------|-------------------|---|
| EXPENDITURES (CONT'D):                             |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):                          |                            |                                 |                         |                   |   |
| Regular Programs - Instruction (Cont'd)            |                            |                                 |                         |                   |   |
| General Supplies                                   | \$ 49,525.00               | \$ 15,520.76                    | \$ 65,045.76            | \$ 65,045.76      |   |
| Textbooks  | 17,143.00                  | (6,739.09)                      | 10,403.91               | 9,708.38          | \$ 695.53   |
| Other Objects                                      | 2,100.00                   | 1,282.36                        | 3,382.36                | 3,382.36          |   |
| Total Regular Programs                             | <u>936,530.00</u>          | <u>(28,790.91)</u>              | <u>907,739.09</u>       | <u>905,413.11</u> | <u>2,325.98</u>   |
| Multiple Disabilities:                             |                            |                                 |                         |                   |   |
| Salaries of Teachers                               | 56,097.00                  | 349.00                          | 56,446.00               | 56,446.00         |   |
| General Supplies                                   | 1,135.00                   | (127.22)                        | 1,007.78                | 667.09            | 340.69  |
| Total Multiple Disabilities                        | <u>57,232.00</u>           | <u>221.78</u>                   | <u>57,453.78</u>        | <u>57,113.09</u>  | <u>340.69</u>   |
| Resource Room/Resource Center:                     |                            |                                 |                         |                   |   |
| Salaries of Teachers                               | 112,070.00                 | 1,694.09                        | 113,764.09              | 113,764.09        |   |
| Other Salaries for Instruction                     | 50,416.00                  | (15,199.98)                     | 35,216.02               | 23,969.00         | 11,247.02   |
| General Supplies                                   | 1,420.00                   | 127.22                          | 1,547.22                | 1,467.35          | 79.87   |
| Total Resource Room/Resource Center                | <u>163,906.00</u>          | <u>(13,378.67)</u>              | <u>150,527.33</u>       | <u>139,200.44</u> | <u>11,326.89</u>  |
| Total Special Education Instruction                | <u>221,138.00</u>          | <u>(13,156.89)</u>              | <u>207,981.11</u>       | <u>196,313.53</u> | <u>11,667.58</u>  |
| Basic Skills/Remedial - Instruction:               |                            |                                 |                         |                   |   |
| Salaries of Teachers                               | 34,024.00                  | 3,700.00                        | 37,724.00               | 36,587.91         | 1,136.09  |
| General Supplies                                   | 600.00                     | (392.70)                        | 207.30                  | 207.30            | 207.30  |
| Total Basic Skills/Remedial - Instruction          | <u>34,624.00</u>           | <u>3,307.30</u>                 | <u>37,931.30</u>        | <u>36,587.91</u>  | <u>1,343.39</u>   |
| Co-Curricular/Extra-Curricular - Instruction:      |                            |                                 |                         |                   |   |
| Salaries of Teachers                               |                            | 5,643.75                        | 5,643.75                | 5,643.75          | -   |
| Total Co-Curricular/Extra-Curricular - Instruction | <u>-</u>                   | <u>5,643.75</u>                 | <u>5,643.75</u>         | <u>5,643.75</u>   | <u>-</u>  |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|---------------|---|
| EXPENDITURES (CONT'D):  |                            |                                 |                         |               |   |
| Current Expense (Cont'd):                                     |                            |                                 |                         |               |   |
| Community Services Programs                                   |                            |                                 |                         |               |   |
| Other Purchased Services                                      |                            | \$ 2,159.78                     | \$ 2,159.78             | \$ 2,159.78   |   |
| Total Community Services Programs                             | \$ -                       | 2,159.78                        | 2,159.78                | 2,159.78      | \$ -  |
| Total Instruction   | 1,192,292.00               | (30,836.97)                     | 1,161,455.03            | 1,146,118.08  | 15,336.95   |
| Undistributed Expenditures - Instruction:                     |                            |                                 |                         |               |   |
| Tuition to Other LEA's Within State - Regular                 | 2,262,995.00               | 18,439.86                       | 2,281,434.86            | 2,281,434.86  |   |
| Tuition to Other LEA's Within State - Special                 | 35,000.00                  | (6,504.40)                      | 28,495.60               | 28,495.60     |   |
| Tuition to County Vocational - Regular                        | 2,900.00                   | (1,928.77)                      | 971.23                  |               | 971.23  |
| Tuition to Private Schools for the Disabled - Within State    | 224,476.00                 | 28,097.77                       | 252,573.77              | 252,573.77    |   |
| Total Undistributed Expenditures - Instruction                | 2,525,371.00               | 38,104.46                       | 2,563,475.46            | 2,562,504.23  | 971.23  |
| Undistributed Expenditures - Attendance & Social Work         |                            |                                 |                         |               |   |
| Purchased Professional and Technical Services                 | 375.00                     |                                 | 375.00                  |               | 375.00  |
| Total Undistributed Expenditures - Attendance and Social Work | 375.00                     | -                               | 375.00                  | -             | 375.00  |
| Undistributed Expenditures - Health Services:                 |                            |                                 |                         |               |   |
| Salaries  | 73,346.00                  | (17,167.49)                     | 56,178.51               | 48,444.00     | 7,734.51  |
| Purchased Professional and Technical Services                 | 1,635.00                   |                                 | 1,635.00                |               | 1,635.00  |
| General Supplies  | 2,400.00                   |                                 | 2,400.00                | 1,539.56      | 860.44  |
| Total Undistributed Expenditures - Health Services            | 77,381.00                  | (17,167.49)                     | 60,213.51               | 49,983.56     | 10,229.95   |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|------------------|---|
| EXPENDITURES (CONT'D):                                      |                            |                                 |                         |                  |   |
| Current Expense (Cont'd):                                   |                            |                                 |                         |                  |   |
| Undistributed Expenditures - Other Support Services -       |                            |                                 |                         |                  |   |
| Students - Related Services:                                |                            |                                 |                         |                  |   |
| Salaries  | \$ 15,609.00               |                                 | \$ 15,609.00            | \$ 15,435.20     | \$ 173.80   |
| Purchased Professional/Educational Services                 | 35,000.00                  | \$ (5,308.00)                   | 29,692.00               | 29,692.00        |   |
| General Supplies  | 230.00                     |                                 | 230.00                  | 229.43           | 0.57  |
|   | <u>50,839.00</u>           | <u>(5,308.00)</u>               | <u>45,531.00</u>        | <u>45,356.63</u> | <u>174.37</u>   |
| Total Undistributed Expenditures - Other Support Services - |                            |                                 |                         |                  |   |
| Students - Related Services                                 |                            |                                 |                         |                  |   |
|   | <u>50,839.00</u>           | <u>(5,308.00)</u>               | <u>45,531.00</u>        | <u>45,356.63</u> | <u>174.37</u>   |
| Undistributed Expenditures - Special Education -            |                            |                                 |                         |                  |   |
| Extraordinary Services                                      |                            |                                 |                         |                  |   |
| Purchased Prof & Educational Services                       | 58,000.00                  | (3,229.50)                      | 54,770.50               | 54,358.00        | 412.50  |
|   | <u>58,000.00</u>           | <u>(3,229.50)</u>               | <u>54,770.50</u>        | <u>54,358.00</u> | <u>412.50</u>   |
| Total Undistributed Expenditures - Special Education -      |                            |                                 |                         |                  |   |
| Extraordinary Services                                      |                            |                                 |                         |                  |   |
|   | <u>58,000.00</u>           | <u>(3,229.50)</u>               | <u>54,770.50</u>        | <u>54,358.00</u> | <u>412.50</u>   |
| Undistributed Expenditures - Other Support Services -       |                            |                                 |                         |                  |   |
| Students - Guidance:  |                            |                                 |                         |                  |   |
| Salaries of Other Professional Staff                        | 22,641.00                  |                                 | 22,641.00               | 22,524.39        | 116.61  |
| Salaries of Secretarial and Clerical Assistance             | 5,816.00                   | 64.61                           | 5,880.61                | 4,264.49         | 1,616.12  |
| General Supplies  | 5,655.00                   | (2,461.11)                      | 3,193.89                | 364.07           | 2,829.82  |
|   | <u>34,112.00</u>           | <u>(2,396.50)</u>               | <u>31,715.50</u>        | <u>27,152.95</u> | <u>4,562.55</u>   |
| Total Undistributed Expenditures - Other Support Services - |                            |                                 |                         |                  |   |
| Students - Guidance   |                            |                                 |                         |                  |   |
|   | <u>34,112.00</u>           | <u>(2,396.50)</u>               | <u>31,715.50</u>        | <u>27,152.95</u> | <u>4,562.55</u>   |
| Undistributed Expenditures - Other Support Services -       |                            |                                 |                         |                  |   |
| Students - Child Study Team:                                |                            |                                 |                         |                  |   |
| Salaries of Other Professional Staff                        | 24,641.00                  |                                 | 24,641.00               | 22,524.39        | 2,116.61  |
| Salaries of Secretarial and Clerical Assistance             | 5,816.00                   | 64.61                           | 5,880.61                | 4,264.49         | 1,616.12  |
| Purchased Professional/Educational Services                 | 33,707.00                  | 13,859.33                       | 47,566.33               | 47,566.33        |   |
| General Supplies  | 1,500.00                   | (64.61)                         | 1,435.39                | 360.00           | 1,075.39  |
|   | <u>65,664.00</u>           | <u>13,859.33</u>                | <u>79,523.33</u>        | <u>74,715.21</u> | <u>4,808.12</u>   |
| Total Undistributed Expenditures - Other Support Services - |                            |                                 |                         |                  |   |
| Students - Child Study Team:                                |                            |                                 |                         |                  |   |
|   | <u>65,664.00</u>           | <u>13,859.33</u>                | <u>79,523.33</u>        | <u>74,715.21</u> | <u>4,808.12</u>   |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|--|----------------------------|---------------------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES (CONT'D):</b>  |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):  |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Improvement of Instruction Services:            |                            |                                 |                         |                   |   |
| Salaries of Other Professional Staff   | \$ 2,000.00                |                                 | \$ 2,000.00             |                   | \$ 2,000.00   |
| Purchased Professional/Educational Services                                  | 300.00                     |                                 | 300.00                  | \$ 200.00         | 100.00  |
| Total Undistributed Expenditures - Improvement of Instruction Services       | <u>2,300.00</u>            | <u>\$ -</u>                     | <u>2,300.00</u>         | <u>200.00</u>     | <u>2,100.00</u>   |
| Undistributed Expend. - Educational Media Services / School Library:         |                            |                                 |                         |                   |   |
| Salaries of Other Professional Staff   | 9,996.00                   |                                 | 9,996.00                |                   | 9,996.00  |
| Purchased Professional and Technical Services                                | 650.00                     |                                 | 650.00                  |                   | 650.00  |
| Other Purchased Services   | 2,150.00                   |                                 | 2,150.00                |                   | 2,150.00  |
| General Supplies   | 5,492.00                   |                                 | 5,492.00                |                   | 5,492.00  |
| Total Undistributed Expend. - Educational Media Services / School Library    | <u>18,288.00</u>           | <u>-</u>                        | <u>18,288.00</u>        | <u>-</u>          | <u>18,288.00</u>  |
| Undistributed Expenditures - Instructional Staff Training Services:          |                            |                                 |                         |                   |   |
| Other Purchased Services   | 2,500.00                   | 66.17                           | 2,566.17                | 2,566.17          |   |
| Supplies and Materials   | 500.00                     | (66.17)                         | 433.83                  |                   | 433.83  |
| Total Undistributed Expenditures - Instructional Staff Training Services:    | <u>3,000.00</u>            | <u>-</u>                        | <u>3,000.00</u>         | <u>2,566.17</u>   | <u>433.83</u>   |
| Undistributed Expenditures - Support Services - General Administration:      |                            |                                 |                         |                   |   |
| Salaries of Other Professional Staff   | 46,000.00                  | (6,800.00)                      | 39,200.00               | 39,200.00         |   |
| Salaries of Secretarial and Clerical Assistants                              | 35,000.00                  | (7,059.33)                      | 27,940.67               | 27,094.66         | 846.01  |
| Other Salaries   | 1,855.00                   |                                 | 1,855.00                | 221.60            | 1,633.40  |
| Legal Services   | 2,500.00                   |                                 | 2,500.00                | 994.50            | 1,505.50  |
| Audit Fees   | 15,300.00                  | 300.00                          | 15,600.00               | 15,600.00         |   |
| Other Professional Services  |                            | 11,000.00                       | 11,000.00               | 11,000.00         |   |
| Communications / Telephone   | 15,800.00                  |                                 | 15,800.00               | 13,450.56         | 2,349.44  |
| Other Purchased Services   | 5,680.00                   |                                 | 5,680.00                | 4,280.89          | 1,399.11  |
| Supplies and Materials   | 875.00                     | 1,000.00                        | 1,875.00                | 128.00            | 1,747.00  |
| Miscellaneous Expenditures   | 1,150.00                   |                                 | 1,150.00                |                   | 1,150.00  |
| BOE Membership Dues & Fees   | 4,500.00                   | 584.09                          | 5,084.09                | 4,334.09          | 750.00  |
| Total Undistributed Expenditures - Support Services - General Administration | <u>128,660.00</u>          | <u>(975.24)</u>                 | <u>127,684.76</u>       | <u>116,304.30</u> | <u>11,380.46</u>  |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|------------------|---|
| <b>EXPENDITURES (CONT'D):</b>   |                            |                                 |                         |                  |   |
| Current Expense (Cont'd):   |                            |                                 |                         |                  |   |
| Undistributed Expenditures - Support Services - School Administration         |                            |                                 |                         |                  |   |
| Salaries of Principals / Assistant Principals                                 | \$ 25,141.00               |                                 | \$ 25,141.00            | \$ 25,141.00     |   |
| Salaries of Other Professional Staff  | 1,900.00                   | \$ (691.72)                     | 1,208.28                |                  | \$ 1,208.28   |
| Salaries of Secretarial and Clerical Assistants                               | 21,420.00                  |                                 | 21,420.00               | 21,420.00        |   |
| Other Salaries  | 2,075.00                   | 3,629.00                        | 5,704.00                | 5,704.00         |   |
| General Supplies  | 2,500.00                   | 1,993.96                        | 4,493.96                | 4,493.96         |   |
| Other Objects   | 650.00                     | 259.00                          | 909.00                  | 909.00           |   |
|   | <u>53,686.00</u>           | <u>5,190.24</u>                 | <u>58,876.24</u>        | <u>57,667.96</u> | <u>1,208.28</u>   |
| Total Undistributed Expenditures - Support Services - School Administration   |                            |                                 |                         |                  |   |
| Undistributed Expenditures - Central Services                                 |                            |                                 |                         |                  |   |
| Salaries  | 38,329.00                  | (599.06)                        | 37,729.94               | 37,577.04        | 152.90  |
| Salaries of Secretarial and Clerical Assistants                               | 4,407.00                   | 354.47                          | 4,761.47                | 4,761.47         |   |
| Purchased Professional Services   | 11,000.00                  | (1,452.77)                      | 9,547.23                | 9,200.00         | 347.23  |
| Supplies and Materials  | 1,200.00                   | 6,457.99                        | 7,657.99                | 7,657.99         |   |
| Miscellaneous Expenditures  | 100.00                     | 575.04                          | 675.04                  | 575.04           | 100.00  |
|   | <u>55,036.00</u>           | <u>5,335.67</u>                 | <u>60,371.67</u>        | <u>59,771.54</u> | <u>600.13</u>   |
| Total Undistributed Expenditures - Central Services                           |                            |                                 |                         |                  |   |
| Undistributed Expenditures - Required Maintenance for School Facilities:      |                            |                                 |                         |                  |   |
| Cleaning, Repair and Maintenance Services                                     | 94,890.00                  |                                 | 94,890.00               | 81,653.64        | 13,236.36   |
| General Supplies  | 3,250.00                   |                                 | 3,250.00                | 3,079.66         | 170.34  |
|   | <u>98,140.00</u>           | <u>-</u>                        | <u>98,140.00</u>        | <u>84,733.30</u> | <u>13,406.70</u>  |
| Total Undistributed Expenditures - Required Maintenance for School Facilities |                            |                                 |                         |                  |   |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive (Negative)<br/>Final to Actual</u> |
|--|----------------------------|---------------------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES (CONT'D):</b>  |                            |                                 |                         |                   |   |
| Current Expense (Cont'd):  |                            |                                 |                         |                   |   |
| Undistributed Expenditures - Custodial Services:                                 |                            |                                 |                         |                   |   |
| Salaries of Secretarial and Clerical Assistants                                  | \$ 9,180.00                | \$ 9,520.00                     | \$ 18,700.00            | \$ 18,693.17      | \$ 6.83   |
| Other Purchased Professional and Technical Services                              | 1,500.00                   |                                 | 1,500.00                |                   | 1,500.00  |
| Cleaning, Repair, and Maintenance Services                                       | 61,284.00                  |                                 | 61,284.00               | 61,283.24         | 0.76  |
| Other Purchased Property   | 7,475.00                   |                                 | 7,475.00                | 6,587.12          | 887.88  |
| Insurance  | 10,700.00                  | 1,462.00                        | 12,162.00               | 12,162.00         |   |
| General Supplies   | 11,000.00                  | (4,300.00)                      | 6,700.00                | 5,759.12          | 940.88  |
| Energy (Natural Gas)   | 18,100.00                  |                                 | 18,100.00               | 6,793.37          | 11,306.63   |
| Energy (Heat and Electricity)  | 47,940.00                  | (9,520.00)                      | 38,420.00               | 37,484.05         | 935.95  |
| Other Objects  | 200.00                     |                                 | 200.00                  |                   | 200.00  |
| <b>Total Undistributed Expenditures - Custodial Services</b>                     | <b>167,379.00</b>          | <b>(2,838.00)</b>               | <b>164,541.00</b>       | <b>148,762.07</b> | <b>15,778.93</b>  |
| Undistributed Expenditures - Student Transportation Services:                    |                            |                                 |                         |                   |   |
| Management Fee - ESC & CTSA Trans Program  | 1,545.00                   |                                 | 1,545.00                |                   | 1,545.00  |
| Contracted Services - (Other Than Between Home and School) - Vendors             | 2,450.00                   |                                 | 2,450.00                | 1,630.00          | 820.00  |
| Contracted Services (Special Education Students) - Vendors                       | 4,500.00                   |                                 | 4,500.00                |                   | 4,500.00  |
| Contracted Services (Special Education Students) - ESCs & CTSA                   | 60,500.00                  |                                 | 60,500.00               | 47,926.70         | 12,573.30   |
| <b>Total Undistributed Expenditures - Student Transportation Services</b>        | <b>68,995.00</b>           | <b>-</b>                        | <b>68,995.00</b>        | <b>49,556.70</b>  | <b>19,438.30</b>  |
| Undistributed Expenditures - Personnel Services - Employee Benefits              |                            |                                 |                         |                   |   |
| Unallocated Benefits:  |                            |                                 |                         |                   |   |
| Social Security Contributions  | 22,058.00                  |                                 | 22,058.00               | 10,303.81         | 11,754.19   |
| Other Retirement Contributions - PERS  | 13,158.00                  |                                 | 13,158.00               | 13,041.00         | 117.00  |
| Unemployment Compensation  | 5,000.00                   |                                 | 5,000.00                |                   | 5,000.00  |
| Workman's Compensation   | 16,984.00                  | 262.00                          | 17,246.00               | 17,246.00         |   |
| Health Benefits  | 367,464.00                 |                                 | 367,464.00              | 354,644.80        | 12,819.20   |
| Tuition Reimbursement  | 6,000.00                   |                                 | 6,000.00                | 2,527.00          | 3,473.00  |
| Other Employee Benefits  | 11,000.00                  |                                 | 11,000.00               | 4,379.84          | 6,620.16  |
| <b>Total Undistributed Expenditures - Personnel Services - Employee Benefits</b> | <b>441,664.00</b>          | <b>262.00</b>                   | <b>441,926.00</b>       | <b>402,142.45</b> | <b>39,783.55</b>  |

(Continued)

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2014

|   | Original<br>Budget | Budget<br>Modifications | Final<br>Budget | Actual        | Variance<br>Positive (Negative)<br>Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| <b>EXPENDITURES (CONT'D):</b>   |                    |                         |                 |               |  |
| Current Expense (Cont'd):   |                    |                         |                 |               |  |
| On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)   |                    |                         |                 | \$ 79,930.00  | \$ (79,930.00)                                     |
| On-Behalf T.P.A.F. Normal Contributions (non-budgeted)  |                    |                         |                 | 48,749.00     | (48,749.00)  |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)  |                    |                         |                 | 90,531.26     | (90,531.26)  |
| Total On-behalf Contributions   | \$ -               | \$ -                    | \$ -            | 219,210.26    | (219,210.26)                                       |
| Total Undistributed Expenditures  | 3,848,890.00       | 30,836.97               | 3,879,726.97    | 3,954,985.33  | (75,258.36)  |
| Total Current Expense   | 5,041,182.00       | -                       | 5,041,182.00    | 5,101,103.41  | (59,921.41)  |
| Total Expenditures  | 5,041,182.00       | -                       | 5,041,182.00    | 5,101,103.41  | (59,921.41)  |
| <b>Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>                                   |                    |                         |                 |               |  |
| Excess (Deficiency) of Revenues Over (Under) Expenditures   | (310,721.00)       | -                       | (310,721.00)    | (114,636.54)  | 196,084.46   |
| Other Financing Sources (Uses):   |                    |                         |                 |               |  |
| Cancellation of Accounts Payable  |                    |                         |                 | 50,015.12     | 50,015.12  |
| Cancellation of Federal Grant - Unearned Revenue  |                    |                         |                 | 0.59          | 0.59   |
| Total Other Financing Sources (Uses)  | -                  | -                       | -               | 50,015.71     | 50,015.71  |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | (310,721.00)       | -                       | (310,721.00)    | (64,620.83)   | 246,100.17   |
| Fund Balances, July 1   | 577,095.93         | -                       | 577,095.93      | 577,095.93    | -  |
| Fund Balances, June 30  | \$ 266,374.93      | \$ -                    | \$ 266,374.93   | \$ 512,475.10 | \$ 246,100.17                                      |
| <b>Recapitulation:</b>  |                    |                         |                 |               |  |
| Restricted Fund Balance:  |                    |                         |                 |               |  |
| Capital Reserve   |                    |                         |                 | \$ 1,112.68   |  |
| Excess Surplus (2013-14) - Designated for Subsequent Year's Expenditures  |                    |                         |                 | 71,067.42     |  |
| Assigned Fund Balance:  |                    |                         |                 |               |  |
| Designated for Subsequent Year's Expenditures   |                    |                         |                 | 165,262.00    |  |
| Unassigned Fund Balance   |                    |                         |                 | 275,033.00    |  |
|   |                    |                         |                 | 512,475.10    |  |
| Reconciliation to Governmental Funds Statements (GAAP):   |                    |                         |                 |               |  |
| Last 13-14 State Aid Payments Not Recognized on GAAP Basis  |                    |                         |                 | (184,163.00)  |  |
|   |                    |                         |                 | \$ 328,312.10 |  |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Modifications</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|---|----------------------------|---------------------------------|-------------------------|-------------------|---|
| REVENUES:   |                            |                                 |                         |                   |   |
| Federal Sources:  |                            |                                 |                         |                   |   |
| Title IA  | \$ 16,986.00               | \$ 28,174.00                    | \$ 45,160.00            | \$ 28,086.64      | \$ (17,073.36)  |
| Title IIA   | 13,288.00                  | 15,971.00                       | 29,259.00               | 22,885.37         | (6,373.63)  |
| I.D.E.A., Part B  | 51,859.00                  | 20,665.00                       | 72,524.00               | 72,524.00         |   |
| I.D.E.A., Part B, Preschool Incentive                     | <u>1,905.00</u>            | <u>679.00</u>                   | <u>2,584.00</u>         | <u>2,584.00</u>   |   |
| Total - Federal Sources                                   | <u>84,038.00</u>           | <u>65,489.00</u>                | <u>149,527.00</u>       | <u>126,080.01</u> | <u>(23,446.99)</u>  |
| Total Revenues  | <u>84,038.00</u>           | <u>65,489.00</u>                | <u>149,527.00</u>       | <u>126,080.01</u> | <u>(23,446.99)</u>  |
| EXPENDITURES:   |                            |                                 |                         |                   |   |
| Instruction:  |                            |                                 |                         |                   |   |
| Salaries of Teachers                                      | 30,274.00                  | 12,626.00                       | 42,900.00               | 34,900.00         | 8,000.00  |
| Purchased Professional - Technical Services               |                            | 370.00                          | 370.00                  | 70.00             | 300.00  |
| Tuition   | 53,764.00                  | 21,344.00                       | 75,108.00               | 75,108.00         |   |
| General Supplies  |                            | <u>3,711.00</u>                 | <u>3,711.00</u>         | <u>669.22</u>     | <u>3,041.78</u>   |
| Total Instruction   | <u>84,038.00</u>           | <u>38,051.00</u>                | <u>122,089.00</u>       | <u>110,747.22</u> | <u>11,341.78</u>  |
| Support Services:   |                            |                                 |                         |                   |   |
| Salaries of Teachers                                      |                            | 5,500.00                        | 5,500.00                | 3,680.00          | 1,820.00  |
| Employee Benefits   |                            | 9,060.00                        | 9,060.00                | 6,933.46          | 2,126.54  |
| Other Purchased Services (400-500 series)                 |                            | 10,000.00                       | 10,000.00               | 4,432.00          | 5,568.00  |
| Supplies and Materials                                    |                            | <u>2,878.00</u>                 | <u>2,878.00</u>         | <u>287.33</u>     | <u>2,590.67</u>   |
| Total Support Services                                    | <u>-</u>                   | <u>27,438.00</u>                | <u>27,438.00</u>        | <u>15,332.79</u>  | <u>12,105.21</u>  |
| Total Expenditures  | <u>84,038.00</u>           | <u>65,489.00</u>                | <u>149,527.00</u>       | <u>126,080.01</u> | <u>23,446.99</u>  |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u>                | <u>\$ -</u>                     | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ -</u>   |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2014

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

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|---|-------------------------|-------------------------------------|
| Sources / Inflows of Resources:   |                         |                                     |
| Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules   | \$ 4,986,466.87         | \$ 126,080.01                       |
| Differences - Budget to GAAP:   |                         |                                     |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.  |                         |                                     |
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | 180,338.00              |                                     |
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) | <u>(184,163.00)</u>     | <u>                    </u>         |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds  | <u>\$ 4,982,641.87</u>  | <u>\$ 126,080.01</u>                |
| Uses / Outflows of Resources:   |                         |                                     |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule  | \$ 5,101,103.41         | \$ 126,080.01                       |
| Differences - Budget to GAAP:   |                         |                                     |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.          |                         |                                     |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)  | <u>\$ 5,101,103.41</u>  | <u>\$ 126,080.01</u>                |

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

|   | <u>Total</u>         | <u>Title I</u>      | <u>Title II<br/>Part A</u> | <u>I.D.E.A.<br/>Part B<br/>Basic</u> | <u>I.D.E.A.<br/>Preschool</u> |
|---|----------------------|---------------------|----------------------------|--------------------------------------|-------------------------------|
| <b>REVENUES:</b>                            |                      |                     |                            |                                      |                               |
| Federal Sources                             | \$ 126,080.01        | \$ 28,086.64        | \$ 22,885.37               | \$ 72,524.00                         | \$ 2,584.00                   |
| Total Revenues                              | <u>\$ 126,080.01</u> | <u>\$ 28,086.64</u> | <u>\$ 22,885.37</u>        | <u>\$ 72,524.00</u>                  | <u>\$ 2,584.00</u>            |
| <b>EXPENDITURES:</b>                        |                      |                     |                            |                                      |                               |
| Instruction:                                |                      |                     |                            |                                      |                               |
| Salaries of Teachers                        | \$ 34,900.00         | \$ 19,900.00        | \$ 15,000.00               |                                      |                               |
| Purchased Professional - Technical Services | 70.00                | 70.00               |                            |                                      |                               |
| Tuition                                     | 75,108.00            |                     |                            | \$ 72,524.00                         | \$ 2,584.00                   |
| Supplies and Materials                      | <u>669.22</u>        | <u>394.37</u>       | <u>274.85</u>              |                                      |                               |
| Total Instruction                           | <u>110,747.22</u>    | <u>20,364.37</u>    | <u>15,274.85</u>           | <u>72,524.00</u>                     | <u>2,584.00</u>               |
| Support Services:                           |                      |                     |                            |                                      |                               |
| Salaries of Teachers                        | 3,680.00             | 2,000.00            | 1,680.00                   |                                      |                               |
| Employee Benefits                           | 6,933.46             | 3,945.94            | 2,987.52                   |                                      |                               |
| Other Purchased Services (400-500 series)   | 4,432.00             | 1,489.00            | 2,943.00                   |                                      |                               |
| Supplies and Materials                      | <u>287.33</u>        | <u>287.33</u>       |                            |                                      |                               |
| Total Support Services                      | <u>15,332.79</u>     | <u>7,722.27</u>     | <u>7,610.52</u>            | <u>-</u>                             | <u>-</u>                      |
| Total Expenditures                          | <u>\$ 126,080.01</u> | <u>\$ 28,086.64</u> | <u>\$ 22,885.37</u>        | <u>\$ 72,524.00</u>                  | <u>\$ 2,584.00</u>            |

## PROPRIETARY FUNDS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Net Position  
 June 30, 2014

|                                     | <u>Food<br/>Service</u>      |
|-------------------------------------|------------------------------|
| <b>ASSETS:</b>                      |                              |
| Current Assets:                     |                              |
| Cash and Cash Equivalents           | \$ 12,848.54                 |
| Accounts Receivable:                |                              |
| State                               | 83.43                        |
| Federal                             | <u>3,685.61</u>              |
| Total Current Assets                | <u>16,617.58</u>             |
| Noncurrent Assets:                  |                              |
| Furniture, Machinery and Equipment  | 8,792.04                     |
| Less Accumulated Depreciation       | <u>(8,617.85)</u>            |
| Total Noncurrent Assets             | <u>174.19</u>                |
| Total Assets                        | <u>16,791.77</u>             |
| <b>LIABILITIES:</b>                 |                              |
| Current Liabilities:                |                              |
| Interfund Payable                   | <u>51,502.80</u>             |
| Total Current Liabilities           | <u>51,502.80</u>             |
| <b>NET POSITION:</b>                |                              |
| Net Investment in Capital Assets    | 174.19                       |
| Unrestricted Net Position (Deficit) | <u>(34,885.22)</u>           |
| Total Net Position (Deficit)        | <u><u>\$ (34,711.03)</u></u> |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2014

|                                   | <u>Food<br/>Service</u>      |
|-----------------------------------|------------------------------|
| <b>OPERATING REVENUES:</b>        |                              |
| Charges for Services:             |                              |
| Daily Sales                       | \$ 12,339.70                 |
| Total Operating Revenues          | <u>12,339.70</u>             |
| <b>OPERATING EXPENSES:</b>        |                              |
| Salaries                          | 6,693.75                     |
| Food Costs                        | 38,604.75                    |
| Depreciation                      | <u>522.61</u>                |
| Total Operating Expenses          | <u>45,821.11</u>             |
| Operating Income / (Loss)         | <u>(33,481.41)</u>           |
| <b>NONOPERATING REVENUES:</b>     |                              |
| State Sources:                    |                              |
| State School Lunch Program        | 573.48                       |
| Federal Sources:                  |                              |
| National School Lunch Program     | <u>25,324.10</u>             |
| Total Nonoperating Revenues       | <u>25,897.58</u>             |
| Change in Net Position            | (7,583.83)                   |
| Net Position (Deficit) -- July 1  | <u>(27,127.20)</u>           |
| Net Position (Deficit) -- June 30 | <u><u>\$ (34,711.03)</u></u> |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2014

|   | <u>Food<br/>Service</u>      |
|---|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                              |
| Receipts from Customers   | \$ 12,339.70                 |
| Payments to Suppliers   | <u>(38,604.75)</u>           |
| Net Cash Used for Operating Activities  | <u>(26,265.05)</u>           |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>  |                              |
| State Sources   | 610.10                       |
| Federal Sources   | <u>23,594.07</u>             |
| Net Cash Provided by Non-Capital Financing Activities   | <u>24,204.17</u>             |
| Net Increase in Cash and Cash Equivalents   | (2,060.88)                   |
| Cash and Cash Equivalents -- July 1   | <u>14,909.42</u>             |
| Cash and Equivalents -- June 30   | <u><u>\$ 12,848.54</u></u>   |
| Reconciliation of Operating Loss to Net Cash Used<br>by Operating Activities:                       |                              |
| Operating Loss  | \$ (33,481.41)               |
| Adjustments to Reconcile Operating Loss to Net Cash<br>Provided by (used for) Operating Activities: |                              |
| Depreciation  | 522.61                       |
| Increase in Interfund Payable   | <u>6,693.75</u>              |
| Net Cash Used for Operating Activities  | <u><u>\$ (26,265.05)</u></u> |

FIDUCIARY FUNDS

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2014

|   | <u>Trust Funds</u>                           | <u>Agency Funds</u>        |                     |                    |
|---|--|----------------------------|---------------------|--------------------|
|   | Unemployment<br>Compensation<br><u>Trust</u> | Student<br><u>Activity</u> | <u>Payroll</u>      | <u>Total</u>       |
| <b>ASSETS:</b>  |  |                            |                     |                    |
| Cash and Cash Equivalents                                   | \$ 1,551.19                                  | \$ 15,153.37               | \$ 80,065.32        | \$ 96,769.88       |
| Interfund Receivable  |  | 1,880.00                   |                     | 1,880.00           |
|   | <u>1,551.19</u>                              | <u>17,033.37</u>           | <u>80,065.32</u>    | <u>98,649.88</u>   |
| <b>LIABILITIES:</b>   |  |                            |                     |                    |
| Payable to Student Groups                                   |  | 17,033.37                  |                     | 17,033.37          |
| Payroll Deductions and Withholdings                         |  |                            | 75,730.32           | 75,730.32          |
| Due General Fund  |  |                            | 4,335.00            | 4,335.00           |
| Total Liabilities   | <u>-</u>                                     | <u>\$17,033.37</u>         | <u>\$ 80,065.32</u> | <u>97,098.69</u>   |
| <b>NET POSITION:</b>  |  |                            |                     |                    |
| Held in Trust for Unemployment<br>Claims and Other Purposes | <u>1,551.19</u>                              |                            |                     | <u>1,551.19</u>    |
| Total Net Position  | <u>\$ 1,551.19</u>                           |                            |                     | <u>\$ 1,551.19</u> |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2014

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|                         | Unemployment<br>Compensation<br><u>Trust</u> |
|-------------------------|--|
| ADDITIONS:              |  |
| Investment Earnings:    |  |
| Interest                | \$ -   |
| DEDUCTIONS:             |  |
| Unemployment Claims     | _____  |
| Total Deductions        | _____ -                                      |
| Change in Net Position  | -  |
| Net Position -- July 1  | _____ 1,551.19                               |
| Net Position -- June 30 | \$ _____ 1,551.19                            |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Fiduciary Funds  
Student Activity Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2014

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|                     | Balance<br><u>June 30, 2013</u> | Cash<br><u>Receipts</u> | Cash<br><u>Disbursements</u> | Balance<br><u>June 30, 2014</u> |
|---------------------|---------------------------------|-------------------------|------------------------------|---------------------------------|
| ELEMENTARY SCHOOLS: |                                 |                         |                              |                                 |
| Laurel Springs      | <u>\$ 14,968.30</u>             | <u>\$ 10,224.06</u>     | <u>\$ 8,158.99</u>           | <u>\$ 17,033.37</u>             |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2014

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|  | <u>Balance</u><br><u>June 30, 2013</u> | <u>Additions</u>       | <u>Deletions</u>       | <u>Balance</u><br><u>June 30, 2014</u> |
|--|--|------------------------|------------------------|--|
| <b>ASSETS:</b>                                   |  |                        |                        |  |
| Cash and Cash Equivalents                        | \$ 61,906.71                           | \$ 1,453,432.60        | \$ 1,435,273.99        | \$ 80,065.32                           |
| Total Assets                                     | <u>\$ 61,906.71</u>                    | <u>\$ 1,453,432.60</u> | <u>\$ 1,435,273.99</u> | <u>\$ 80,065.32</u>                    |
| <b>LIABILITIES:</b>                              |  |                        |                        |  |
| Payroll Deductions and Withholdings<br>Interfund | \$ 57,571.71<br>4,335.00               | \$ 1,453,432.60        | \$ 1,435,273.99        | \$ 75,730.32<br>4,335.00               |
| Total Liabilities                                | <u>\$ 61,906.71</u>                    | <u>\$ 1,453,432.60</u> | <u>\$ 1,435,273.99</u> | <u>\$ 80,065.32</u>                    |

LONG-TERM DEBT

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2014

| <u>Issue</u>    | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> |                        | <u>Interest Rate</u> | <u>Balance June 30, 2013</u> | <u>Issued</u> | <u>Paid</u>          | <u>Balance June 30, 2014</u> |
|-----------------|----------------------|------------------------|--------------------------|------------------------|----------------------|------------------------------|---------------|----------------------|------------------------------|
|                 |                      |                        | <u>Date</u>              | <u>Amount</u>          |                      |                              |               |                      |                              |
| School District | 8-15-07              | \$ 2,927,000.00        | 8-15-14                  | \$ 125,000.00          | 4.125%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-15                  | 125,000.00             | 4.125%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-16                  | 125,000.00             | 4.125%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-17                  | 125,000.00             | 4.125%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-18                  | 150,000.00             | 4.125%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-19                  | 150,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-20                  | 150,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-21                  | 160,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-22                  | 200,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-23                  | 200,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-24                  | 200,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-25                  | 200,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-26                  | 200,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        | 8-15-27                  | 192,000.00             | 4.250%               |                              |               |                      |                              |
|                 |                      |                        |                          | <u>\$ 2,302,000.00</u> |                      | <u>\$ 2,427,000.00</u>       | <u>\$ -</u>   | <u>\$ 125,000.00</u> | <u>\$ 2,302,000.00</u>       |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2014

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance<br>Positive (Negative)<br><u>Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| <b>REVENUES:</b>  |                            |                             |                         |                   |   |
| Local Sources:  |                            |                             |                         |                   |   |
| Local Tax Levy  | \$ 148,066.00              |                             | \$ 148,066.00           | \$ 148,066.00     |   |
| Debt Service Aid Type II                                  | <u>76,529.00</u>           |                             | <u>76,529.00</u>        | <u>76,529.00</u>  |   |
| Total Revenues  | <u>224,595.00</u>          | <u>\$ -</u>                 | <u>224,595.00</u>       | <u>224,595.00</u> | <u>\$ -</u>   |
| <b>EXPENDITURES:</b>                                      |                            |                             |                         |                   |   |
| Regular Debt Service:                                     |                            |                             |                         |                   |   |
| Interest  | 99,601.00                  |                             | 99,601.00               | 99,600.63         | 0.37  |
| Redemption of Principal                                   | <u>125,000.00</u>          |                             | <u>125,000.00</u>       | <u>125,000.00</u> |   |
| Total Regular Debt Service                                | <u>224,601.00</u>          | <u>-</u>                    | <u>224,601.00</u>       | <u>224,600.63</u> | <u>0.37</u>   |
| Total Expenditures  | <u>224,601.00</u>          | <u>-</u>                    | <u>224,601.00</u>       | <u>224,600.63</u> | <u>0.37</u>   |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (6.00)                     | -                           | (6.00)                  | (5.63)            | 0.37  |
| Fund Balance, July 1                                      | <u>6.52</u>                | <u>-</u>                    | <u>6.52</u>             | <u>6.52</u>       | <u>-</u>  |
| Fund Balance, June 30                                     | <u>\$ 0.52</u>             | <u>\$ -</u>                 | <u>\$ 0.52</u>          | <u>\$ 0.89</u>    | <u>\$ 0.37</u>  |

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

**Borough of Laurel Springs School District**  
 Net Position/Net Assets by Component  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

|   | <u>Fiscal Year Ending June 30.</u> |                       |                       |                       |                       |                      |                      |                      |                      |                      |
|---|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2014</u>                        | <u>2013 *</u>         | <u>2012</u>           | <u>2011</u>           | <u>2010</u>           | <u>2009</u>          | <u>2008</u>          | <u>2007</u>          | <u>2006</u>          | <u>2005</u>          |
| Governmental Activities                                       |                                    |                       |                       |                       |                       |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                              | \$ 576,849.44                      | \$ 614,272.88         | \$ 682,118.42         | \$ 747,363.86         | \$ 657,919.29         | \$ 481,715.85        | \$ (862,245.39)      | \$ 799,980.00        | \$ 605,344.00        | \$ 587,743.00        |
| Restricted  | 0.89                               | 6.52                  | 2,712.34              | 2,711.60              | 99,260.11             | 296,269.24           | 1,604,600.65         | (94,872.00)          | 200,593.00           | 207,797.00           |
| Unrestricted (Deficit)  | 263,072.70                         | 332,321.07            | 295,489.98            | 222,395.42            | (69,551.00)           | 39,199.15            | 148,136.20           | 104,391.00           | (217.00)             | 5,916.00             |
| <b>Total Governmental Activities Net Position/Net Assets</b>  | <b>\$ 839,923.03</b>               | <b>\$ 946,600.47</b>  | <b>\$ 980,320.74</b>  | <b>\$ 972,470.88</b>  | <b>\$ 687,628.40</b>  | <b>\$ 817,184.24</b> | <b>\$ 890,491.46</b> | <b>\$ 809,499.00</b> | <b>\$ 805,720.00</b> | <b>\$ 801,456.00</b> |
| Business-type Activities                                      |                                    |                       |                       |                       |                       |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets                              | \$ 174.19                          | \$ 696.80             | \$ 1,219.41           | \$ 1,742.02           | \$ 2,264.63           |                      |                      | \$ 248.00            | \$ 763.00            | \$ 1,278.00          |
| Restricted  |                                    |                       |                       |                       |                       |                      |                      |                      |                      |                      |
| Unrestricted (Deficit)  | (34,885.22)                        | (27,824.00)           | (23,427.57)           | (18,142.91)           | (13,001.11)           | \$ (7,300.99)        | \$ (6,211.38)        | (5,740.00)           | (3,925.00)           | (4,030.00)           |
| <b>Total Business-type Activities Net Position/Net Assets</b> | <b>\$ (34,711.03)</b>              | <b>\$ (27,127.20)</b> | <b>\$ (22,208.16)</b> | <b>\$ (16,400.89)</b> | <b>\$ (10,736.48)</b> | <b>\$ (7,300.99)</b> | <b>\$ (6,211.38)</b> | <b>\$ (5,492.00)</b> | <b>\$ (3,162.00)</b> | <b>\$ (2,752.00)</b> |
| District-wide   |                                    |                       |                       |                       |                       |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt               | \$ 577,023.63                      | \$ 614,969.68         | \$ 683,337.83         | \$ 749,105.88         | \$ 660,183.92         | \$ 481,715.85        | \$ (862,245.39)      | \$ 800,228.00        | \$ 606,107.00        | \$ 589,021.00        |
| Restricted  | 0.89                               | 6.52                  | 2,712.34              | 2,711.60              | 99,260.11             | 296,269.24           | 1,604,600.65         | (94,872.00)          | 200,593.00           | 207,797.00           |
| Unrestricted (Deficit)  | 228,187.48                         | 304,497.07            | 272,062.41            | 204,252.51            | (82,552.11)           | 31,898.16            | 141,924.82           | 98,651.00            | (4,142.00)           | 1,886.00             |
| <b>Total District-wide Net Position/Net Assets</b>            | <b>\$ 805,212.00</b>               | <b>\$ 919,473.27</b>  | <b>\$ 958,112.58</b>  | <b>\$ 956,069.99</b>  | <b>\$ 676,891.92</b>  | <b>\$ 809,883.25</b> | <b>\$ 884,280.08</b> | <b>\$ 804,007.00</b> | <b>\$ 802,558.00</b> | <b>\$ 798,704.00</b> |

\* District implemented GASB 63

Source: District Records (Exhibit A-1)

**Borough of Laurel Springs School District**  
 Changes in Net Position/Net Assets  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

|  | Fiscal Year Ending June 30, |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|--|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2014                        | 2013 *                 | 2012                   | 2011                   | 2010                   | 2009                   | 2008                   | 2007                   | 2006                   | 2005                   |
| <b>Expenses</b>  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Instruction  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Regular  | \$ 1,137,977.91             | \$ 1,138,547.58        | \$ 997,594.58          | \$ 988,747.63          | \$ 632,934.79          | \$ 845,266.56          | \$ 796,263.28          | \$ 986,390.00          | \$ 898,593.00          | \$ 864,599.00          |
| Special Education                                      | 204,434.70                  | 216,956.34             | 209,859.60             | 135,327.61             | 160,139.01             | 149,450.10             | 146,717.60             | 144,195.00             | 88,530.00              | 89,766.00              |
| Other Special Education                                | 36,587.91                   | 33,573.60              | 38,813.81              | 8,854.82               | 38,048.35              | 41,545.40              | 25,151.40              | 51,164.00              | 56,904.00              | 42,341.00              |
| Other Instruction                                      |                             |                        |                        | 1,040.00               | 3,412.00               | 4,412.00               | 6,257.00               | 2,126.00               | 2,652.00               | 4,175.00               |
| Co-Curricular / Extra-Curricular Instruction           | 5,643.75                    |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Community Services Programs / Operations               | 2,159.78                    | 3,082.27               | 3,288.99               | 3,330.53               | 3,042.93               | 3,783.49               | 1,611.37               | 4,400.00               | 3,400.00               |                        |
| Support Services:                                      |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Tuition  | 2,562,504.23                | 1,983,249.06           | 2,047,802.35           | 2,147,270.06           | 2,389,646.57           | 2,314,422.27           | 2,147,623.22           | 2,216,056.00           | 1,971,416.00           | 1,858,218.00           |
| Student & Instruction Related Services                 | 278,974.19                  | 284,538.23             | 266,157.87             | 267,800.87             | 261,765.82             | 211,607.33             | 220,567.58             | 276,981.00             | 260,879.00             | 224,903.00             |
| General Administrative Services                        | 124,425.47                  | 136,179.43             | 139,233.91             | 131,493.64             | 135,377.96             | 145,933.33             | 131,364.25             | 168,427.00             | 153,995.00             |                        |
| School Administrative Services                         | 61,728.55                   | 59,509.12              | 57,896.52              | 57,535.62              | 71,527.21              | 68,520.06              | 66,324.32              | 84,159.00              | 69,234.00              | 32,110.00              |
| Central Services                                       | 63,832.13                   | 64,089.36              | 63,720.48              | 58,586.02              | 59,009.79              | 58,246.89              | 53,213.83              | 53,706.00              | 53,261.00              | 206,919.00             |
| Plant Operations and Maintenance                       | 233,495.37                  | 238,525.24             | 219,319.65             | 203,366.45             | 223,838.92             | 246,127.54             | 177,349.52             | 233,817.00             | 228,199.00             | 178,121.00             |
| Pupil Transportation                                   | 49,556.70                   | 46,319.47              | 45,155.21              | 70,468.84              | 68,863.02              | 72,561.53              | 78,902.15              | 112,726.00             | 119,446.00             | 89,992.00              |
| Interest on Long-term Debt                             | 97,652.71                   | 102,387.63             | 107,409.96             | 110,944.39             | 115,069.12             | 226,647.67             | 18,750.00              |                        |                        |                        |
| Unallocated Benefits                                   | 631,036.63                  | 653,433.38             | 566,519.00             | 461,408.73             | 434,259.79             | 426,251.59             | 511,226.73             |                        |                        |                        |
| <b>Total Governmental Activities Expenses</b>          | <b>5,490,010.03</b>         | <b>4,960,390.70</b>    | <b>4,762,771.93</b>    | <b>4,646,175.21</b>    | <b>4,596,935.28</b>    | <b>4,814,775.76</b>    | <b>4,381,322.25</b>    | <b>4,334,147.00</b>    | <b>3,906,509.00</b>    | <b>3,591,144.00</b>    |
| Business-type Activities:                              |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|  | 45,821.11                   | 45,093.66              | 39,022.86              | 38,286.28              | 33,935.04              | 33,303.75              | 32,257.13              | 30,742.00              | 32,982.00              | 29,669.00              |
| <b>Total Business-type Activities Expense</b>          | <b>45,821.11</b>            | <b>45,093.66</b>       | <b>39,022.86</b>       | <b>38,286.28</b>       | <b>33,935.04</b>       | <b>33,303.75</b>       | <b>32,257.13</b>       | <b>30,742.00</b>       | <b>32,982.00</b>       | <b>29,669.00</b>       |
| <b>Total District Expenses</b>                         | <b>\$ 5,535,831.14</b>      | <b>\$ 5,005,484.36</b> | <b>\$ 4,801,794.79</b> | <b>\$ 4,684,461.49</b> | <b>\$ 4,630,870.32</b> | <b>\$ 4,848,079.51</b> | <b>\$ 4,413,579.38</b> | <b>\$ 4,364,889.00</b> | <b>\$ 3,939,491.00</b> | <b>\$ 3,620,813.00</b> |
| <b>Program Revenues</b>                                |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:                               |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for Services:                                  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating Grants and Contributions                     |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|  | \$ 202,609.01               | \$ 187,928.13          | \$ 194,819.98          | \$ 244,686.94          | \$ 218,525.41          | \$ 229,002.02          | \$ 144,226.43          | \$ 169,277.00          | \$ 176,684.00          | \$ 162,880.00          |
| <b>Total Governmental Activities Program Revenues</b>  | <b>202,609.01</b>           | <b>187,928.13</b>      | <b>194,819.98</b>      | <b>244,686.94</b>      | <b>218,525.41</b>      | <b>229,002.02</b>      | <b>144,226.43</b>      | <b>169,277.00</b>      | <b>176,684.00</b>      | <b>162,880.00</b>      |
| Business-type activities:                              |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for Services:                                  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|  | 12,339.70                   | 13,848.25              | 15,177.90              | 19,051.38              | 19,400.35              | 18,917.65              | 19,370.00              | 15,694.00              | 18,672.00              | 16,231.00              |
| Operating Grants and Contributions                     | 25,897.58                   | 26,326.37              | 18,037.69              | 13,560.07              | 11,059.17              | 13,257.36              | 11,910.86              | 12,278.00              | 13,609.00              | 9,151.00               |
| <b>Total Business-type Activities Program Revenues</b> | <b>38,237.28</b>            | <b>40,174.62</b>       | <b>33,215.59</b>       | <b>32,611.45</b>       | <b>30,459.52</b>       | <b>32,175.01</b>       | <b>31,280.86</b>       | <b>27,972.00</b>       | <b>32,281.00</b>       | <b>25,382.00</b>       |
| <b>Total District Program Revenues</b>                 | <b>\$ 240,846.29</b>        | <b>\$ 228,102.75</b>   | <b>\$ 228,035.57</b>   | <b>\$ 277,298.39</b>   | <b>\$ 248,984.93</b>   | <b>\$ 261,177.03</b>   | <b>\$ 175,507.29</b>   | <b>\$ 197,249.00</b>   | <b>\$ 208,965.00</b>   | <b>\$ 188,262.00</b>   |

(Continued)

**Borough of Laurel Springs School District**  
 Changes in Net Position/Net Assets  
 Last Ten Fiscal Years (accrual basis of accounting)  
 Unaudited

|  | Fiscal Year Ending June 30, |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2014                        | 2013 *                   | 2012                     | 2011                     | 2010                     | 2009                     | 2008                     | 2007                     | 2006                     | 2005                     |
| <b>Net (Expense)/Revenue</b>   |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Governmental Activities  | \$ (5,287,401.02)           | \$ (4,772,462.57)        | \$ (4,567,951.95)        | \$ (4,401,488.27)        | \$ (4,378,409.87)        | \$ (4,585,773.74)        | \$ (4,237,095.82)        | \$ (4,164,870.00)        | \$ (3,729,825.00)        | \$ (3,428,264.00)        |
| Business-type Activities   | (7,583.83)                  | (4,919.04)               | (5,807.27)               | (5,674.83)               | (3,475.52)               | (1,128.74)               | (976.27)                 | (2,770.00)               | (701.00)                 | (4,287.00)               |
| <b>Total District-wide Net Expense</b>                               | <b>\$ (5,294,984.85)</b>    | <b>\$ (4,777,381.61)</b> | <b>\$ (4,573,759.22)</b> | <b>\$ (4,407,163.10)</b> | <b>\$ (4,381,885.39)</b> | <b>\$ (4,586,902.48)</b> | <b>\$ (4,238,072.09)</b> | <b>\$ (4,167,640.00)</b> | <b>\$ (3,730,526.00)</b> | <b>\$ (3,432,551.00)</b> |
| <b>General Revenues and Other Changes in Net Position/Net Assets</b> |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Governmental Activities:   |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Property Taxes Levied for General Purposes, Net                      | \$ 2,851,055.00             | \$ 2,571,840.00          | \$ 2,521,412.00          | \$ 2,645,993.00          | \$ 2,527,750.00          | \$ 2,551,598.00          | \$ 2,520,291.00          | \$ 2,473,606.00          | \$ 2,068,783.00          | \$ 1,844,200.00          |
| Property Taxes Levied for Debt Service                               | 148,066.00                  | 134,651.00               | 137,370.00               | 140,088.26               | 128,533.00               | 119,044.00               | 20,000.00                |                          |                          |                          |
| Federal and State Aid Not Restricted                                 | 2,119,824.26                | 2,040,130.73             | 1,910,312.39             | 1,740,753.96             | 1,583,538.15             | 1,837,505.76             | 1,700,677.59             | 1,640,261.00             | 1,561,346.00             | 1,535,550.00             |
| Investment Earnings  |                             |                          |                          | 310.18                   | 1,041.96                 | 11,093.17                | 67,132.07                | 25,378.00                | 6,983.00                 | 7,246.00                 |
| Miscellaneous Income   | 11,762.61                   | 2,822.32                 | 6,707.42                 | 2,895.35                 | 7,990.92                 | 3,419.69                 | 32,533.08                | 29,404.00                | 96,977.00                | 2,655.00                 |
| Cancellation of Federal Grant - Unearned Revenue                     |                             | 0.59                     |                          |                          |                          |                          |                          |                          |                          |                          |
| Cancellation of Prior Year Receivable/Payables                       | 50,015.12                   | (10,701.75)              |                          |                          |                          | (10,194.10)              | (22,544.56)              |                          |                          |                          |
| <b>Total Governmental Activities</b>                                 | <b>5,180,723.58</b>         | <b>4,738,742.30</b>      | <b>4,575,801.81</b>      | <b>4,530,040.75</b>      | <b>4,248,854.03</b>      | <b>4,512,466.52</b>      | <b>4,318,089.18</b>      | <b>4,168,649.00</b>      | <b>3,734,089.00</b>      | <b>3,389,651.00</b>      |
| Business-type Activities:  |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Investment Earnings  | -                           | -                        | -                        | 10.42                    | 40.03                    | 39.13                    | 256.83                   | 440.00                   | 291.00                   |                          |
| <b>Total Business-type Activities</b>                                | <b>-</b>                    | <b>-</b>                 | <b>-</b>                 | <b>10.42</b>             | <b>40.03</b>             | <b>39.13</b>             | <b>256.83</b>            | <b>440.00</b>            | <b>291.00</b>            | <b>-</b>                 |
| <b>Total District-wide</b>   | <b>\$ 5,180,723.58</b>      | <b>\$ 4,738,742.30</b>   | <b>\$ 4,575,801.81</b>   | <b>\$ 4,530,051.17</b>   | <b>\$ 4,248,894.06</b>   | <b>\$ 4,512,505.65</b>   | <b>\$ 4,318,346.01</b>   | <b>\$ 4,169,089.00</b>   | <b>\$ 3,734,380.00</b>   | <b>\$ 3,389,651.00</b>   |
| <b>Change in Net Position/Net Assets</b>                             |                             |                          |                          |                          |                          |                          |                          |                          |                          |                          |
| Governmental Activities  | \$ (106,677.44)             | \$ (33,720.27)           | \$ 7,849.86              | \$ 128,552.48            | \$ (129,555.84)          | \$ (73,307.22)           | \$ 80,993.36             | \$ 3,779.00              | \$ 4,264.00              | \$ (38,613.00)           |
| Business-type Activities   | (7,583.83)                  | (4,919.04)               | (5,807.27)               | (5,664.41)               | (3,435.49)               | (1,089.61)               | (719.44)                 | (2,330.00)               | (410.00)                 | (4,287.00)               |
| <b>Total District</b>  | <b>\$ (114,261.27)</b>      | <b>\$ (38,639.31)</b>    | <b>\$ 2,042.59</b>       | <b>\$ 122,888.07</b>     | <b>\$ (132,991.33)</b>   | <b>\$ (74,396.83)</b>    | <b>\$ 80,273.92</b>      | <b>\$ 1,449.00</b>       | <b>\$ 3,854.00</b>       | <b>\$ (42,900.00)</b>    |

\* District implemented GASB 63

Source: District Records (Exhibit A-2)

**Borough of Laurel Springs School District**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (modified accrual basis of accounting)  
Unaudited

|   | Fiscal Year Ending June 30, |                      |                      |                      |                     |                      |                        |                        |                      |                      |
|---|-----------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|------------------------|------------------------|----------------------|----------------------|
|   | <u>2014</u>                 | <u>2013</u>          | <u>2012</u>          | <u>2011</u>          | <u>2010</u>         | <u>2009</u>          | <u>2008</u>            | <u>2007</u>            | <u>2006</u>          | <u>2005</u>          |
| General Fund                              |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Restricted:                               |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Capital Reserve Account                   | \$ 1,112.68                 | \$ 1,112.68          | \$ 1,112.68          | \$ 1,112.68          | \$ 1,112.68         | \$ 1,112.68          | \$ 2,555.20            | \$ 121,740.00          | \$ 200,593.00        | \$ 207,797.00        |
| Excess Surplus                            |                             |                      | 160,720.63           | 94,648.51            |                     |                      |                        |                        |                      |                      |
| Assigned:                                 |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Other Purposes                            |                             |                      | 1,533.00             |                      |                     |                      |                        |                        |                      |                      |
| Subsequent Year's Expenditures            | 236,329.42                  | 310,721.00           | 114,409.00           | 92,555.00            |                     |                      |                        |                        |                      |                      |
| Unreserved                                | 90,870.00                   | 84,924.25            | 83,440.00            | 98,258.00            | 86,878.03           | 294,686.69           | 362,377.69             | 136,320.00             | 29,828.00            | 40,724.00            |
| <b>Total General Fund</b>                 | <b>\$ 328,312.10</b>        | <b>\$ 396,757.93</b> | <b>\$ 361,215.31</b> | <b>\$ 286,574.19</b> | <b>\$ 87,990.71</b> | <b>\$ 295,799.37</b> | <b>\$ 364,932.89</b>   | <b>\$ 258,060.00</b>   | <b>\$ 230,421.00</b> | <b>\$ 248,521.00</b> |
| All Other Governmental Funds              |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Restricted:                               |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Capital Projects Fund                     |                             |                      | \$ 2,706.56          | \$ 2,706.56          | \$ 2,706.56         | \$ 3,722.49          | \$ 1,401,614.07        | \$ (326,934.00)        |                      |                      |
| Debt Service Fund                         | \$ 0.89                     | \$ 6.52              | 5.78                 | 5.04                 | 0.87                | 1,250.87             | 1,250.00               |                        |                      |                      |
| Other                                     |                             |                      |                      |                      |                     | 102,479.51           | 16,707.32              | 110,322.00             |                      |                      |
| Unassigned                                |                             |                      |                      |                      |                     |                      |                        |                        |                      |                      |
| Special Revenue Fund                      |                             |                      |                      |                      |                     |                      | (495.10)               | (495.00)               | \$ (495.00)          | \$ (495.00)          |
| <b>Total All Other Governmental Funds</b> | <b>\$ 0.89</b>              | <b>\$ 6.52</b>       | <b>\$ 2,712.34</b>   | <b>\$ 2,711.60</b>   | <b>\$ 2,707.43</b>  | <b>\$ 107,452.87</b> | <b>\$ 1,419,076.29</b> | <b>\$ (217,107.00)</b> | <b>\$ (495.00)</b>   | <b>\$ (495.00)</b>   |
| <b>Total District</b>                     | <b>\$ 328,312.99</b>        | <b>\$ 396,764.45</b> | <b>\$ 363,927.65</b> | <b>\$ 289,285.79</b> | <b>\$ 90,698.14</b> | <b>\$ 403,252.24</b> | <b>\$ 1,784,009.18</b> | <b>\$ 40,953.00</b>    | <b>\$ 229,926.00</b> | <b>\$ 248,026.00</b> |

Source: District Records (Exhibit B-1)

**Borough of Laurel Springs School District**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

|  | Fiscal Year Ended June 30, |                     |                     |                      |                        |                          |                        |                        |                       |                       |
|--|----------------------------|---------------------|---------------------|----------------------|------------------------|--------------------------|------------------------|------------------------|-----------------------|-----------------------|
|  | 2014                       | 2013                | 2012                | 2011                 | 2010                   | 2009                     | 2008                   | 2007                   | 2006                  | 2005                  |
| <b>Revenues</b>  |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Tax Levy   | \$ 2,999,121.00            | \$ 2,706,491.00     | \$ 2,658,782.00     | \$ 2,786,081.26      | \$ 2,656,283.00        | \$ 2,670,642.00          | \$ 2,540,291.00        | \$ 2,473,606.00        | \$ 2,068,783.00       | \$ 1,844,200.00       |
| Tuition Charges  |                            |                     |                     |                      |                        |                          |                        |                        | 5,522.00              |                       |
| Interest Earnings  |                            |                     |                     | 310.18               | 1,041.96               | 11,093.17                | 67,132.07              | 25,378.00              | 6,983.00              | 7,246.00              |
| Miscellaneous  | 11,762.61                  | 2,822.32            | 6,707.42            | 3,127.13             | 8,717.75               | 3,561.87                 | 32,787.61              | 34,882.00              | 91,552.00             | 22,655.00             |
| Local Sources  |                            |                     | 515.41              |                      |                        |                          |                        |                        |                       |                       |
| State Sources  | 2,196,353.26               | 2,109,721.73        | 1,922,241.17        | 1,813,156.96         | 1,670,457.05           | 1,950,605.76             | 1,710,598.59           | 1,652,708.00           | 1,578,679.00          | 1,551,451.00          |
| Federal Sources  | 126,080.01                 | 118,337.13          | 182,375.79          | 172,052.16           | 414,827.68             | 115,759.84               | 134,050.90             | 151,022.00             | 158,530.00            | 126,979.00            |
| <b>Total Revenue</b>   | <b>5,333,316.88</b>        | <b>4,937,372.18</b> | <b>4,770,621.79</b> | <b>4,774,727.69</b>  | <b>4,751,327.44</b>    | <b>4,751,662.64</b>      | <b>4,484,860.17</b>    | <b>4,337,596.00</b>    | <b>3,910,773.00</b>   | <b>3,552,531.00</b>   |
| <b>Expenditures</b>  |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Instruction  |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Regular Instruction  | 1,016,160.33               | 1,012,663.42        | 873,660.50          | 863,613.55           | 896,542.79             | 829,683.56               | 780,680.28             | 740,242.00             | 693,544.00            | 642,751.00            |
| Special Education Instruction                                | 196,313.53                 | 208,564.06          | 201,597.33          | 126,985.34           | 160,139.01             | 149,450.10               | 146,717.60             | 108,183.00             | 67,834.00             | 62,580.00             |
| Other Special Instruction                                    | 36,587.91                  | 33,573.60           | 38,813.81           | 8,854.82             | 38,048.35              | 41,545.40                | 25,151.40              | 40,854.00              | 52,553.00             | 38,436.00             |
| Other Instruction  |                            |                     |                     | 1,040.00             |                        | 1,000.00                 | 2,845.00               | 1,595.00               | 2,032.00              | 3,402.00              |
| Co-Curricular / Extra-Curricular Instruction                 | 5,643.75                   |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Community Services Programs / Operations                     | 2,159.78                   | 3,082.27            | 3,288.99            | 3,330.53             | 3,042.93               | 3,783.49                 | 1,611.37               | 3,301.00               | 2,605.00              |                       |
| Support Services:  |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Tuition  | 2,562,504.23               | 1,983,249.06        | 2,047,802.35        | 2,147,270.06         | 2,389,646.57           | 2,314,422.27             | 2,147,623.22           | 2,216,056.00           | 1,971,417.00          | 1,856,992.00          |
| Student Related Services                                     | 262,731.85                 | 267,753.68          | 249,633.33          | 251,116.33           | 261,765.82             | 211,607.33               | 220,567.58             | 209,846.00             | 206,013.00            | 188,681.00            |
| General Administrative Services                              | 116,304.30                 | 127,787.15          | 130,971.64          | 123,151.37           | 131,879.96             | 142,435.33               | 127,866.25             | 180,069.00             | 171,256.00            | 165,057.00            |
| School Administrative Services                               | 57,667.96                  | 55,312.98           | 53,765.38           | 53,364.48            | 71,527.21              | 68,520.06                | 66,324.32              | 63,141.00              | 53,049.00             | 27,015.00             |
| Central Services   | 59,771.54                  | 59,893.22           | 59,589.34           | 54,414.88            | 59,009.79              | 58,246.89                | 53,213.83              |                        |                       |                       |
| Plant Operations and Maintenance                             | 233,495.37                 | 238,525.24          | 219,319.65          | 203,366.45           | 220,600.92             | 242,889.54               | 174,111.52             | 175,422.00             | 174,852.00            | 155,020.00            |
| Pupil Transportation   | 49,556.70                  | 46,319.47           | 45,155.21           | 70,468.84            | 67,302.02              | 71,000.53                | 77,341.15              | 84,573.00              | 91,523.00             | 88,657.00             |
| Business and Other Support Services                          |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Employee Benefits  | 628,286.17                 | 652,868.22          | 564,016.14          | 456,672.13           | 439,507.73             | 434,244.61               | 511,388.20             | 481,690.00             | 392,148.00            | 353,831.00            |
| Capital Outlay   |                            |                     |                     |                      | 108,252.44             | 1,271,253.24             | 1,292,066.61           | 221,927.00             | 50,047.00             | 27,004.00             |
| Debt Service:  |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Principal  | 125,000.00                 | 100,000.00          | 100,000.00          | 100,000.00           | 100,000.00             | 100,000.00               |                        |                        |                       |                       |
| Interest and Other Charges                                   | 99,600.63                  | 104,241.26          | 108,366.26          | 112,491.26           | 116,616.00             | 182,143.13               | 18,750.00              |                        |                       |                       |
| <b>Total Expenditures</b>                                    | <b>5,451,784.05</b>        | <b>4,893,833.63</b> | <b>4,695,979.93</b> | <b>4,576,140.04</b>  | <b>5,063,881.54</b>    | <b>6,122,225.48</b>      | <b>5,646,258.33</b>    | <b>4,526,899.00</b>    | <b>3,928,873.00</b>   | <b>3,609,426.00</b>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (118,467.17)               | 43,538.55           | 74,641.86           | 198,587.65           | (312,554.10)           | (1,370,562.84)           | (1,161,398.16)         | (189,303.00)           | (18,100.00)           | (56,895.00)           |
| <b>Other Financing Sources (Uses)</b>                        |                            |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Bond Proceeds  |                            |                     |                     |                      |                        |                          | 2,927,000.00           |                        |                       |                       |
| Cancellation of Federal Grants - Unearned Revenue            | 0.59                       |                     |                     |                      |                        |                          |                        |                        |                       |                       |
| Cancellation of Prior Year Payables                          | 50,015.12                  | 44.00               |                     |                      |                        | (10,194.10)              | (16,006.41)            |                        |                       |                       |
| Cancellation of Prior Year Receivable                        |                            | (10,745.75)         |                     |                      |                        |                          | (6,539.15)             |                        |                       |                       |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>50,015.71</b>           | <b>(10,701.75)</b>  | <b>-</b>            | <b>-</b>             | <b>-</b>               | <b>(10,194.10)</b>       | <b>2,904,454.44</b>    | <b>-</b>               | <b>-</b>              | <b>-</b>              |
| <b>Net Change in Fund Balances</b>                           | <b>\$ (68,451.46)</b>      | <b>\$ 32,836.80</b> | <b>\$ 74,641.86</b> | <b>\$ 198,587.65</b> | <b>\$ (312,554.10)</b> | <b>\$ (1,380,756.94)</b> | <b>\$ 1,743,056.28</b> | <b>\$ (189,303.00)</b> | <b>\$ (18,100.00)</b> | <b>\$ (56,895.00)</b> |
| Debt Service as a Percentage of<br>Noncapital Expenditures   | 4.1%                       | 4.2%                | 4.4%                | 4.6%                 | 4.4%                   | 5.8%                     | 0.4%                   | 0.0%                   | 0.0%                  | 0.0%                  |

Source: District Records (Exhibit B-2)

**Borough of Laurel Springs School District**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (modified accrual basis of accounting)  
 Unaudited

|                                     | Fiscal Year Ended June 30, |                    |                    |                    |                    |                     |                     |                     |                      |                    |
|-------------------------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|----------------------|--------------------|
|                                     | <u>2014</u>                | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        | <u>2010</u>        | <u>2009</u>         | <u>2008</u>         | <u>2007</u>         | <u>2006</u>          | <u>2005</u>        |
| Refunds of Prior Year Expenses      |                            |                    |                    |                    |                    |                     |                     |                     |                      | \$ 105.00          |
| Interest on Investments             |                            |                    |                    | \$ 310.18          | \$ 1,041.96        | \$ 11,093.17        | \$ 67,132.07        | \$ 13,425.00        | \$ 6,983.00          | 7,246.00           |
| Miscellaneous                       | \$ 11,762.61               | \$ 2,822.32        | \$ 6,707.42        | 2,895.35           | 7,990.92           | 3,419.69            | 32,533.08           | 29,074.00           | 91,552.00            | 2,550.00           |
| Contributions                       |                            |                    |                    | 231.78             | 726.83             |                     |                     |                     |                      |                    |
| Tuition                             |                            |                    |                    |                    |                    |                     |                     |                     | 5,522.00             |                    |
| Transportation Fee From Individuals |                            |                    |                    |                    |                    |                     |                     | 330.00              | 724.00               |                    |
| Cancellation of Prior Year Payables |                            |                    |                    |                    |                    |                     |                     |                     |                      |                    |
|                                     | <u>\$ 11,762.61</u>        | <u>\$ 2,822.32</u> | <u>\$ 6,707.42</u> | <u>\$ 3,437.31</u> | <u>\$ 9,759.71</u> | <u>\$ 14,512.86</u> | <u>\$ 99,665.15</u> | <u>\$ 42,829.00</u> | <u>\$ 104,781.00</u> | <u>\$ 9,901.00</u> |

Source: District Records.

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**Borough of Laurel Springs School District**  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

| Year Ended<br>Dec. 31. | Vacant Land   | Residential      | Farm Reg. | Farm Qual. | Commercial      | Industrial | Apartment       | Total Assessed<br>Value | Less:<br>Tax-Exempt<br>Property | Public<br>Utilities (1) | Net Valuation<br>Taxable | Estimated Actual<br>(County Equalized )<br>Value | Total Direct<br>School Tax<br>Rate (2) |
|------------------------|---------------|------------------|-----------|------------|-----------------|------------|-----------------|-------------------------|---------------------------------|-------------------------|--------------------------|--|--|
| 2014                   | \$ 434,500.00 | \$ 68,988,796.00 | \$ -      | \$ -       | \$ 6,929,800.00 | \$ -       | \$ 1,810,000.00 | \$ 78,163,096.00        | \$ 5,217,300.00                 | \$ 2,973,755.47         | \$ 81,136,851.47         | \$ 119,151,061.00                                | \$ 3.646                               |
| 2013                   | 434,500.00    | 69,039,050.00    | -         | -          | 7,138,400.00    | -          | 1,810,000.00    | 78,421,950.00           | 5,040,300.00                    | 3,075,198.00            | 81,497,148.00            | 126,752,788.00                                   | 3.444                                  |
| 2012                   | 434,500.00    | 68,864,100.00    | -         | -          | 7,137,100.00    | -          | 1,810,000.00    | 78,245,700.00           | 5,131,900.00                    | 3,627,425.00            | 81,873,125.00            | 139,924,356.00                                   | 3.220                                  |
| 2011                   | 516,800.00    | 68,990,400.00    | -         | -          | 7,225,800.00    | -          | 1,840,300.00    | 78,573,300.00           | 5,237,900.00                    | 3,564,576.00            | 82,137,876.00            | 142,700,164.00                                   | 3.269                                  |
| 2010                   | 309,500.00    | 68,739,200.00    | -         | -          | 8,167,500.00    | -          | 1,840,300.00    | 79,056,500.00           | 5,096,100.00                    | 3,331,728.00            | 82,388,228.00            | 147,516,481.00                                   | 3.244                                  |
| 2009                   | 309,500.00    | 68,726,400.00    | -         | -          | 8,425,100.00    | -          | 1,840,300.00    | 79,301,300.00           | 5,075,100.00                    | 3,272,737.00            | 82,574,037.00            | 152,391,391.00                                   | 3.153                                  |
| 2008                   | 365,000.00    | 68,178,400.00    | -         | -          | 8,377,100.00    | -          | 1,840,300.00    | 78,760,800.00           | 5,138,500.00                    | 3,692,000.00            | 82,452,800.00            | 155,184,210.00                                   | 3.080                                  |
| 2007                   | 337,000.00    | 67,947,800.00    | -         | -          | 8,377,100.00    | -          | 1,840,300.00    | 78,502,200.00           | 5,138,500.00                    | 4,048,351.00            | 82,550,551.00            | 150,398,463.00                                   | 2.985                                  |
| 2006                   | 384,000.00    | 67,839,900.00    | -         | -          | 9,923,100.00    | -          | 1,840,300.00    | 79,987,300.00           | 5,047,000.00                    | 4,448,631.00            | 84,435,931.00            | 137,605,448.00                                   | 2.642                                  |
| 2005                   | 329,500.00    | 64,669,400.00    | -         | -          | 9,919,100.00    | -          | 1,840,300.00    | 76,758,300.00           | 4,943,700.00                    | 5,352,394.00            | 85,110,694.00            | 127,354,024.00                                   | 2.203                                  |

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

Source: Camden County Board of Taxation

**Borough of Laurel Springs School District**  
 Direct and Overlapping Property Tax Rates  
 Last Ten (Fiscal) Years  
 (rate per \$100 of assessed value)  
 Unaudited

| Year Ended<br>Dec. 31, | District Direct Rate |                                       |                                    | Overlapping Rates         |                     | Total Direct<br>and Overlapping<br>Tax Rate |
|------------------------|----------------------|---------------------------------------|------------------------------------|---------------------------|---------------------|---|
|                        | Basic Rate           | General<br>Obligation Debt<br>Service | Total Direct<br>School<br>Tax Rate | Laurel Springs<br>Borough | County of<br>Camden |   |
| 2014                   | \$ 3.646             | \$ -                                  | \$ 3.646                           | \$ 2.278                  | \$ 1.298            | \$ 7.222                                    |
| 2013                   | 3.444                | -                                     | 3.444                              | 2.216                     | 1.324               | 6.984                                       |
| 2012                   | 3.220                | -                                     | 3.220                              | 2.156                     | 1.348               | 6.724                                       |
| 2011                   | 3.269                | -                                     | 3.269                              | 2.107                     | 1.273               | 6.649                                       |
| 2010                   | 3.244                | -                                     | 3.244                              | 2.014                     | 1.206               | 6.464                                       |
| 2009                   | 3.153                | -                                     | 3.153                              | 1.820                     | 1.173               | 6.146                                       |
| 2008                   | 3.080                | -                                     | 3.080                              | 1.661                     | 1.165               | 5.906                                       |
| 2007                   | 2.985                | -                                     | 2.985                              | 1.476                     | 1.130               | 5.591                                       |
| 2006                   | 2.642                | -                                     | 2.642                              | 1.239                     | 1.195               | 5.076                                       |
| 2005                   | 2.203                | -                                     | 2.203                              | 1.119                     | 1.061               | 4.383                                       |

Source: Municipal Tax Collector

**Borough of Laurel Springs School District**  
Principal Property Tax Payers  
Current Year and Ten Years Ago  
Unaudited

| <u>Taxpayer</u>                    | 2013                          |             |   | 2003                          |             |   |
|------------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
|                                    | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>% of Total District Net Assessed Value</u> |
| Laurel Springs Gardens Association | \$ 1,450,000                  | 1           | 1.78%   | \$ 1,450,000.00               | 2           | 1.69%   |
| Bell Atlantic                      | 1,154,000                     | 2           | 1.42%   | 8,646,205.00                  | 1           | 10.07%  |
| Hudson United Bank                 | 400,000                       | 3           | 0.49%   | 725,000                       | 4           | 0.84%   |
| Kellmoll Properties LLC            | 399,100                       | 4           | 0.49%   |                               |             |   |
| Rakshak, LLC                       | 362,000                       | 5           | 0.44%   |                               |             |   |
| MCI C/O Worldcom                   | 326,000                       | 6           | 0.40%   | 769,600                       | 3           | 0.90%   |
| Sat-Raj, Inc.                      | 308,100                       | 7           | 0.38%   |                               |             |   |
| Royal Tax Lien Service             | 248,300                       | 8           | 0.30%   |                               |             |   |
| JOHO 38 High, LLC                  | 240,000                       | 9           | 0.29%   |                               |             |   |
| Take Time LLC                      | 239,000                       | 10          | 0.29%   |                               |             |   |
| Nat Alexander                      |                               |             |   | 399,100                       | 5           | 0.46%   |
| Warren Gross                       |                               |             |   | 384,800                       | 6           | 0.45%   |
| Indus Investments, LLC             |                               |             |   | 362,000                       | 7           | 0.42%   |
| Richard Reis                       |                               |             |   | 350,000                       | 8           | 0.41%   |
| H&R Alnatour                       |                               |             |   | 273,600                       | 9           | 0.32%   |
| T. Dickinson                       |                               |             |   | 235,300                       | 10          | 0.27%   |
| <b>Total</b>                       | <b>\$ 5,126,500.00</b>        |             | <b>6.29%</b>                                  | <b>\$ 12,145,605.00</b>       |             | <b>15.83%</b>                                 |

Source: District CAFR & Municipal Tax Assessor

**Borough of Laurel Springs School District**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 Unaudited

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>School Taxes<br/>Levied for the<br/>Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy</u> |                               | <u>Collections in<br/>Subsequent Years</u> |
|---------------------------------------|--|---|-------------------------------|--|
|                                       |  | <u>Amount</u>                                       | <u>Percentage<br/>of Levy</u> |  |
| 2014                                  | \$ 2,999,121.00  | \$ 2,999,121.00                                     | 100.00%                       | \$ -                                       |
| 2013                                  | 2,706,491.00   | 2,606,640.74  | 96.31%                        | 99,850.26                                  |
| 2012                                  | 2,658,782.00   | 2,658,782.00  | 100.00%                       | -  |
| 2011                                  | 2,786,081.26   | 2,786,081.26  | 100.00%                       | -  |
| 2010                                  | 2,527,750.00   | 2,527,750.00  | 100.00%                       | -  |
| 2009                                  | 2,551,598.00   | 2,451,747.72  | 96.09%                        | 99,850.28                                  |
| 2008                                  | 2,520,291.00   | 2,520,291.00  | 100.00%                       | -  |
| 2007                                  | 2,473,606.00   | 2,473,606.00  | 100.00%                       | -  |
| 2006                                  | 2,068,783.00   | 2,068,783.00  | 100.00%                       | -  |
| 2005                                  | 1,844,200.00   | 1,814,484.00  | 98.39%                        | 29,716.00                                  |

(1) 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.

Source: District Records

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**Borough of Laurel Springs School District**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

| Fiscal<br>Year Ended<br>June 30, | <u>Governmental Activities</u>              |  |                           |   | <u>Business-Type<br/>Activities</u> |                 | <u>Total District</u> | Percentage of<br>Personal<br>Income (2) | <u>Per Capita (3)</u> |
|----------------------------------|---|--|---------------------------|---|-------------------------------------|-----------------|-----------------------|---|-----------------------|
|                                  | <u>General<br/>Obligation<br/>Bonds (1)</u> | <u>Certificates<br/>of<br/>Participation</u> | <u>Capital<br/>Leases</u> | <u>Bond<br/>Anticipation<br/>Notes (BANs)</u> | <u>Capital Leases</u>               |                 |                       |   |                       |
| 2014                             | \$ 2,302,000.00                             | -  | -                         | -   | -                                   | \$ 2,302,000.00 | Unavailable           | \$ 1,214.78                             |                       |
| 2013                             | 2,427,000.00                                | -  | -                         | -   | -                                   | 2,427,000.00    | Unavailable           | 1,277.37                                |                       |
| 2012                             | 2,527,000.00                                | -  | -                         | -   | -                                   | 2,527,000.00    | 2.92%                 | 1,325.12                                |                       |
| 2011                             | 2,627,000.00                                | -  | -                         | -   | -                                   | 2,627,000.00    | 3.11%                 | 1,376.83                                |                       |
| 2010                             | 2,727,000.00                                | -  | -                         | -   | -                                   | 2,727,000.00    | 3.37%                 | 1,430.75                                |                       |
| 2009                             | 2,827,000.00                                | -  | -                         | -   | -                                   | 2,827,000.00    | 3.51%                 | 1,485.55                                |                       |
| 2008                             | 2,927,000.00                                | -  | -                         | -   | -                                   | 2,927,000.00    | 3.63%                 | 1,529.26                                |                       |
| 2007                             | -   | -  | -                         | -   | -                                   | -               | -                     | -                                       |                       |
| 2006                             | -   | -  | -                         | -   | -                                   | -               | -                     | -                                       |                       |
| 2005                             | -   | -  | -                         | -   | -                                   | -               | -                     | -                                       |                       |

## Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2013 Census published by the US Bureau of Economic Analysis

**Borough of Laurel Springs School District**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

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| <u>General Bonded Debt Outstanding</u>      |   |                   |  |   |                       |
|---|---|-------------------|--|---|-----------------------|
| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>General</u><br><u>Obligation</u><br><u>Bonds</u> | <u>Deductions</u> | <u>Net General</u><br><u>Bonded Debt</u><br><u>Outstanding</u> | <u>Percentage of</u><br><u>Actual Taxable</u><br><u>Value of Property</u> | <u>Per Capita (2)</u> |
| 2014  | \$ 2,302,000.00                                     | \$ -              | \$ 2,302,000.00  | 2.84%   | \$ 1,214.78           |
| 2013  | 2,427,000.00  | -                 | 2,427,000.00   | 2.98%   | 1,277.37              |
| 2012  | 2,527,000.00  | -                 | 2,527,000.00   | 3.09%   | 1,325.12              |
| 2011  | 2,627,000.00  | -                 | 2,627,000.00   | 3.20%   | 1,376.83              |
| 2010  | 2,727,000.00  | -                 | 2,727,000.00   | 3.31%   | 1,430.75              |
| 2009  | 2,827,000.00  | -                 | 2,827,000.00   | 3.42%   | 1,481.66              |
| 2008  | 2,927,000.00  | -                 | 2,927,000.00   | 3.55%   | 1,526.07              |
| 2007  | -   | -                 | -  | -   | -                     |
| 2006  | -   | -                 | -  | -   | -                     |
| 2005  | -   | -                 | -  | -   | -                     |

**Sources:**

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

**Borough of Laurel Springs School District**  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2013  
*Unaudited*

|   | <u>Gross Debt</u>        | <u>Deductions</u>         | <u>Statutory<br/>Net Debt<br/>Outstanding</u> | <u>Net Debt<br/>Outstanding<br/>Allocated to<br/>Laurel Springs Borough</u> |
|---|--------------------------|---------------------------|---|---|
| Municipal Debt: (1)   |                          |                           |   |   |
| Laurel Springs Borough School District                          | \$ 2,302,000.00          | \$ 2,302,000.00           |   |   |
| Laurel Springs Borough  | <u>2,617,550.00</u>      | <u>19,634.78</u>          | <u>\$ 2,597,915.22</u>                        | <u>\$ 2,597,915.22</u>  |
|   | <u>4,919,550.00</u>      | <u>2,321,634.78</u>       | <u>2,597,915.22</u>                           | <u>2,597,915.22</u>   |
| Overlapping Debt Apportioned to<br>the Municipality:            |                          |                           |   |   |
| County of Camden: (2)   |                          |                           |   |   |
| General:  |                          |                           |   |   |
| Bonds   | 42,085,352.00            | 13,774,588.00 (3)         | 28,310,764.00                                 | 93,515.24 (5)   |
| Loan Agreement  | 191,780,000.00           |                           | 191,780,000.00                                | 633,481.76 (5)  |
| Bonds Issued by Other Public Bodies<br>Guaranteed by the County | <u>689,242,784.00</u>    | <u>689,242,784.00 (4)</u> |   | <u>(4)</u>  |
|   | <u>923,108,136.00</u>    | <u>703,017,372.00</u>     | <u>220,090,764.00</u>                         | <u>726,996.99</u>   |
|   | <u>\$ 928,027,686.00</u> | <u>\$ 705,339,006.78</u>  | <u>\$ 222,688,679.22</u>                      | <u>\$ 1,870,918.23</u>  |

## Sources:

- (1) 2013 Annual Debt Statement
- (2) County's 2013 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2013 Equalized Value, which is .330%.  
The source for this computation was the 2013 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**Borough of Laurel Springs School District**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2014**

|  |  |                                   |
|--|--|-----------------------------------|
|  | Equalized valuation basis (1)                      |                                   |
|  | 2013   | \$ 119,545,655.00                 |
|  | 2012   | 126,467,917.00                    |
|  | 2011   | <u>139,918,634.00</u>             |
|  | <b>[A]</b>   | <u>\$ 385,932,206.00</u>          |
|  | Average equalized valuation of taxable property    | <b>[A/3]</b> \$ 128,644,068.67    |
|  | Debt limit (2 1/2 % of average equalization value) | (2) <b>[B]</b> 3,216,101.72       |
|  | Total Net Debt Applicable to Limit                 | <b>[C]</b> <u>2,302,000.00</u>    |
|  | Legal Debt Margin                                  | <b>[B-C]</b> <u>\$ 914,101.72</u> |

|  | Fiscal Year          |                        |                        |                      |                      |                        |                        |                        |                        |                        |
|--|----------------------|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | <u>2014</u>          | <u>2013</u>            | <u>2012</u>            | <u>2011</u>          | <u>2010</u>          | <u>2009</u>            | <u>2008</u>            | <u>2007</u>            | <u>2006</u>            | <u>2005</u>            |
| Debt limit   | \$ 3,216,101.72      | \$ 3,421,427.53        | \$ 3,610,183.68        | \$ 3,706,630.14      | \$ 3,724,674.80      | \$ 3,591,659.49        | \$ 3,323,766.53        | \$ 2,963,751.00        | \$ 3,176,503.00        | \$ 3,554,446.00        |
| Total net debt applicable to limit                                   | <u>2,302,000.00</u>  | <u>2,302,000.00</u>    | <u>2,527,000.00</u>    | <u>2,627,000.00</u>  | <u>2,727,000.00</u>  | <u>2,827,000.00</u>    | <u>2,927,000.00</u>    | -                      | -                      | -                      |
| Legal debt margin  | <u>\$ 914,101.72</u> | <u>\$ 1,119,427.53</u> | <u>\$ 1,079,630.14</u> | <u>\$ 764,659.49</u> | <u>\$ 396,766.53</u> | <u>\$ 2,963,751.00</u> | <u>\$ 3,176,503.00</u> | <u>\$ 3,554,446.00</u> | <u>\$ 3,064,948.00</u> | <u>\$ 2,841,329.00</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 71.58%               | 67.28%                 | 70.00%                 | 70.87%               | 73.21%               | 78.71%                 | 88.06%                 | 0.00%                  | 0.00%                  | 0.00%                  |

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 6 district.
- (3) District Records

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**Borough of Laurel Springs School District**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

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| <u>Year</u> | <u>Population (1)</u> | <u>Personal<br/>Income (2)</u> | <u>County<br/>Per Capita<br/>Personal<br/>Income (3)</u> | <u>Unemployment<br/>Rate (4)</u> |
|-------------|-----------------------|--------------------------------|--|----------------------------------|
| 2013        | 1,895                 | Unavailable                    | Unavailable  | 3.3%                             |
| 2012        | 1,900                 | \$ 86,526,000.00               | \$ 45,540.00   | 8.1%                             |
| 2011        | 1,907                 | 84,592,613.00                  | 44,359.00  | 8.0%                             |
| 2010        | 1,908                 | 81,007,956.00                  | 42,457.00  | 8.1%                             |
| 2009        | 1,906                 | 80,513,252.00                  | 42,242.00  | 7.7%                             |
| 2008        | 1,908                 | 80,632,080.00                  | 42,260.00  | 4.9%                             |
| 2007        | 1,918                 | 78,630,328.00                  | 40,996.00  | 3.7%                             |
| 2006        | 1,924                 | 76,115,364.00                  | 39,561.00  | 4.0%                             |
| 2005        | 1,933                 | 72,127,962.00                  | 37,314.00  | 3.7%                             |
| 2004        | 1,939                 | 69,720,623.00                  | 35,957.00  | 5.5%                             |

**Source:**

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2012 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Borough of Laurel Springs School District**  
 Principal Employers  
 Current Year and Ten Years Ago  
 Unaudited

| <u>Employer</u> | <u>2013</u>      |             |                                       | <u>2003</u>      |                        |                                       |
|-----------------|------------------|-------------|---------------------------------------|------------------|------------------------|---------------------------------------|
|                 | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank (Optional)</u> | <u>Percentage of Total Employment</u> |

INFORMATION IS NOT AVAILABLE

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**Borough of Laurel Springs School District**  
 Full-time Equivalent District Employees by Function/Program  
 Last Eight Fiscal Years  
 Unaudited

| <u>Function/Program</u>                | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction                            |             |             |             |             |             |             |             |             |
| Regular                                | 14.5        | 14.5        | 14.0        | 13.5        | 12.0        | 12.0        | 16.0        | 8.5         |
| Special education                      | 2.5         | 2.5         | 2.5         | 2.0         | 2.0         | 2.5         | 4.0         | 3.0         |
| Other special education                | -           | -           | -           | -           | -           | -           | -           | 1.0         |
| Vocational                             | -           | -           | -           | -           | -           | -           | -           | -           |
| Other instruction                      | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 2.5         | -           | 2.5         |
| Nonpublic school programs              | -           | -           | -           | -           | -           | -           | -           | -           |
| Adult/continuing education programs    | -           | -           | -           | -           | -           | -           | -           | -           |
| Support Services:                      |             |             |             |             |             |             |             |             |
| Tuition                                | -           | -           | -           | -           | -           | -           | -           | -           |
| Student & instruction related services | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 3.5         | 3.0         |
| General administrative services        | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 3.0         | 3.5         |
| School administrative services         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 3.0         | 1.0         |
| Business administrative services       | 0.2         | 0.2         | -           | -           | -           | -           | -           | 0.5         |
| Central Services                       | -           | -           | -           | -           | -           | -           | -           | -           |
| Special Education                      | -           | -           | -           | -           | -           | -           | -           | -           |
| Health Services                        | -           | -           | -           | -           | -           | -           | -           | -           |
| Plant operations and maintenance       | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.5         | -           |
| Pupil transportation                   | -           | -           | -           | -           | -           | -           | -           | -           |
| Other Salaries                         | -           | -           | -           | -           | -           | -           | -           | -           |
| Special Schools                        | -           | -           | -           | -           | -           | -           | -           | -           |
| Food Service                           | -           | -           | -           | -           | -           | -           | 1.0         | 1.0         |
| Child Care                             | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total</b>                           | <b>26.2</b> | <b>26.2</b> | <b>25.5</b> | <b>24.5</b> | <b>23.0</b> | <b>23.0</b> | <b>32.0</b> | <b>24.0</b> |

Source: District Personnel Records

**Borough of Laurel Springs School District**  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

| <u>Fiscal</u> | <u>Enrollment</u> | <u>Operating Expenditures</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Pupil/Teacher Ratio</u> |                      |                    | <u>Average Daily Enrollment (ADE)</u> | <u>Average Daily Attendance (ADA)</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|---------------|-------------------|-------------------------------|-----------------------|--------------------------|-----------------------|----------------------------|----------------------|--------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|
|               |                   |                               |                       |                          |                       | <u>Elementary</u>          | <u>Middle School</u> | <u>High School</u> |                                       |                                       |   |                                      |
| 2014          | 191               | \$ 5,392,357.32               | \$ 28,232.24          | -6.48%                   | *                     | *                          | N/A                  | N/A                | 191                                   | 184                                   | 4.95%                                       | 96.34%                               |
| 2013          | 184               | 4,858,003.07                  | 26,402.19             | -6.21%                   | *                     | *                          | N/A                  | N/A                | 182                                   | 172                                   | -2.67%                                      | 94.51%                               |
| 2012          | 188               | 4,655,361.97                  | 24,762.56             | 9.67%                    | *                     | *                          | N/A                  | N/A                | 187                                   | 179                                   | 11.98%                                      | 95.72%                               |
| 2011          | 167               | 4,535,230.82                  | 27,157.07             | -4.60%                   | *                     | *                          | N/A                  | N/A                | 167                                   | 160                                   | -3.47%                                      | 95.81%                               |
| 2010          | 173               | 4,481,866.16                  | 25,906.74             | -2.15%                   | *                     | *                          | N/A                  | N/A                | 173                                   | 171                                   | -4.00%                                      | 99.08%                               |
| 2009          | 181               | 4,588,128.09                  | 25,348.77             | 6.24%                    | *                     | *                          | N/A                  | N/A                | 180                                   | 173                                   | 11.23%                                      | 96.00%                               |
| 2008          | 162               | 4,362,572.85                  | 26,929.46             | -11.68%                  | *                     | *                          | N/A                  | N/A                | 162                                   | *                                     | -10.00%                                     | *                                    |
| 2007          | 181               | 4,304,972.00                  | 23,784.38             | -18.86%                  | *                     | *                          | N/A                  | N/A                | 180                                   | *                                     | -0.55%                                      | *                                    |
| 2006          | 201               | 3,878,826.00                  | 19,297.64             | 0.56%                    | *                     | *                          | N/A                  | N/A                | 181                                   | *                                     | -1.31%                                      | *                                    |
| 2005          | 186               | 3,609,426.00                  | 19,405.52             | -2.49%                   | *                     | *                          | N/A                  | N/A                | 183                                   | 174                                   | 7.38%                                       | 95.04%                               |

\* Information not available.

Sources: District Records

**Borough of Laurel Springs School District**  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

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|                                    | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b><u>District Building</u></b>    |             |             |             |             |             |             |             |             |             |             |
| <b><u>Elementary</u></b>           |             |             |             |             |             |             |             |             |             |             |
| Laurel Springs Elementary          |             |             |             |             |             |             |             |             |             |             |
| Square Feet                        |             |             |             |             |             |             |             |             |             |             |
| Capacity (students)                |             |             |             |             |             |             |             |             |             |             |
| Enrollment                         | 191         | 184         | 188         | 167         | 173         | 181         | 162         | 181         | 201         | 186         |
| Number of Schools at June 30, 2011 |             |             |             |             |             |             |             |             |             |             |
| Elementary = 1                     |             |             |             |             |             |             |             |             |             |             |
| Middle School = 0                  |             |             |             |             |             |             |             |             |             |             |
| High School = 0                    |             |             |             |             |             |             |             |             |             |             |
| Other = 0                          |             |             |             |             |             |             |             |             |             |             |

Source: District records, ASSA

**Borough of Laurel Springs School District**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
 Unaudited

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

| * School Facilities       | Project # (s) | 2014                | 2013                | 2012                | 2011                | 2010                | 2009                 | 2008                | 2007                | 2006                | 2005                |
|---------------------------|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Laurel Springs Elementary | N/A           | \$ 84,733.30        | \$ 98,825.52        | \$ 81,571.22        | \$ 62,571.91        | \$ 85,231.59        | \$ 107,089.71        | \$ 91,393.05        | \$ 44,111.00        | \$ 64,481.00        | \$ 40,154.00        |
| Total School Facilities   |               | 84,733.30           | 98,825.52           | 81,571.22           | 62,571.91           | 85,231.59           | 107,089.71           | 91,393.05           | 64,481.00           | 64,481.00           | 40,154.00           |
| Other Facilities          |               | -                   | -                   | -                   | -                   | -                   | -                    | -                   | -                   | -                   | -                   |
| Grand Total               |               | <u>\$ 84,733.30</u> | <u>\$ 98,825.52</u> | <u>\$ 81,571.22</u> | <u>\$ 62,571.91</u> | <u>\$ 85,231.59</u> | <u>\$ 107,089.71</u> | <u>\$ 91,393.05</u> | <u>\$ 64,481.00</u> | <u>\$ 64,481.00</u> | <u>\$ 40,154.00</u> |

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

Source: District Records

**Borough of Laurel Springs School District**  
Insurance Schedule  
June 30, 2014  
*Unaudited*

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|  |     | <u>Coverage</u> | <u>Deductible</u> |
|--|-----|-----------------|-------------------|
| School Package Policy                              |     |                 |                   |
| Property & Auto Physical Damage/Boiler & Machinery | (A) | \$ 250,000,000  | Not               |
| General and Auto Liability                         | (A) | 5,000,000       | Available         |
| Environment Impairment Liability                   | (A) | 25,000,000      |                   |
| Crime Coverage                                     |     |                 |                   |
| Money and Securities                               | (A) | 50,000          |                   |
| Faithful Performance                               | (A) | 100,000         |                   |
| Computer Fraud, Forgery                            | (A) | 50,000          |                   |
| School Board Legal Liability                       | (A) | 5,000,000       |                   |
| Workers' Compensation                              | (A) | Statutory       |                   |
| Student Accident Insurance                         | (B) | 1,000,000       |                   |
| Catastrophic Student Accident Insurance            | (B) | 6,000,000       |                   |
| Surety Bonds                                       |     |                 |                   |
| Board Secretary/Business Administrator             | (C) | 15,000          |                   |

- (A) School Alliance Insurance Fund
- (B) American International
- (C) Selective Insurance

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

***Report on Compliance for Each Major Federal and State Program***

We have audited the Borough of Laurel Springs School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2014. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Laurel Springs School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

**Opinion on Each Major State Program**

In our opinion, the Borough of Laurel Springs School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the Borough of Laurel Springs School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

Expenditures for federal awards were less than the single audit dollar threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Division of Finance, Department of Education, State of New Jersey and is not a required part of basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

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 State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Kirk N. Applegate  
Certified Public Accountant  
Public School Accountant No. 20CS00223300

Voorhees, New Jersey  
September 22, 2014

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2014

| Federal Grantor/<br>Pass-through<br>Grantor / Program Title | Federal<br>CFDA<br>Number | Grant or<br>State<br>Project<br>Number | Program or<br>Award<br>Amount | Grant Period |           |
|---|---------------------------|--|-------------------------------|--------------|-----------|
|   |                           |  |                               | From         | To        |
| Special Revenue Fund:                                       |                           |  |                               |              |           |
| U.S. Department of Education                                |                           |  |                               |              |           |
| Passed-through State Department of Education:               |                           |  |                               |              |           |
| N.C.L.B.:   |                           |  |                               |              |           |
| Title I, Part A   | 84.010A                   | NCLB254014                             | \$ 39,558.00                  | 7-1-2013     | 6-30-2014 |
| Title I, Part A   | 84.010A                   | NCLB254013                             | 24,266.00                     | 9-1-2012     | 8-31-2013 |
| Title I, Part A   | 84.010A                   | NCLB254012                             | 18,796.00                     | 9-1-2011     | 8-31-2012 |
| Total Title I, Part A                                       |                           |  |                               |              |           |
|   |                           |  |                               |              |           |
| Title II, Part A  | 84.367A                   | NCLB254014                             | 19,078.00                     | 7-1-2013     | 6-30-2014 |
| Title II, Part A  | 84.367A                   | NCLB254013                             | 18,983.00                     | 9-1-2012     | 8-31-2013 |
| Title II, Part A  | 84.367A                   | NCLB254012                             | 18,482.00                     | 9-1-2011     | 8-31-2012 |
| Total Title II, Part A                                      |                           |  |                               |              |           |
|   |                           |  |                               |              |           |
| Title III   | 84.365A                   | NCLB254014                             | 773.00                        | 7-1-2013     | 6-30-2014 |
| I.D.E.A. Part B:  |                           |  |                               |              |           |
| Special Education Cluster:                                  |                           |  |                               |              |           |
| Basic Regular   | 84.027                    | IDEA254014                             | 72,524.00                     | 7-1-2013     | 6-30-2014 |
| Basic Regular   | 84.027                    | IDEA254013                             | 74,706.00                     | 9-1-2012     | 8-31-2013 |
| Preschool   | 84.173                    | IDEA254014                             | 2,584.00                      | 7-1-2013     | 6-30-2014 |
| Preschool   | 84.173                    | IDEA254013                             | 2,969.00                      | 9-1-2012     | 8-31-2013 |
| Total I.D.E.A. Part B Special Education Cluster             |                           |  |                               |              |           |
|   |                           |  |                               |              |           |
| A.R.R.A. - Basic Regular                                    | 84.391                    | IDEA254010                             | 73,141.00                     | 7-1-2009     | 8-31-2011 |
| Total Special Revenue Fund                                  |                           |  |                               |              |           |
|   |                           |  |                               |              |           |
| Enterprise Fund:  |                           |  |                               |              |           |
| U.S. Department of Agriculture                              |                           |  |                               |              |           |
| Passed-through State Department of Education:               |                           |  |                               |              |           |
| Child Nutrition Cluster:                                    |                           |  |                               |              |           |
| School Breakfast Program                                    | 10.553                    | N/A                                    | 2,023.06                      | 7-1-2013     | 6-30-2014 |
| School Breakfast Program                                    | 10.553                    | N/A                                    | 1,915.64                      | 7-1-2012     | 6-30-2013 |
| National School Lunch Program                               | 10.555                    | N/A                                    | 23,301.04                     | 7-1-2013     | 6-30-2014 |
| National School Lunch Program                               | 10.555                    | N/A                                    | 23,795.66                     | 7-1-2012     | 6-30-2013 |
| Total Enterprise Fund                                       |                           |  |                               |              |           |
| Total Federal Financial Assistance                          |                           |  |                               |              |           |

(A) See Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

(B) District decided not to accept these funds.

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with U.S. Circular A-133 since the total of all grant award expenditures was less than \$500,000.00.

| Balance<br>June 30,<br>2013   | Carryover /<br>(Walkover)<br>Amount | Cash<br>Received          | Budgetary<br>Expenditures | Adjustments (A) | Repayment<br>of Prior<br>Years'<br>Balances | Balance June 30, 2014        |                     |                   |
|-------------------------------|-------------------------------------|---------------------------|---------------------------|-----------------|---|------------------------------|---------------------|-------------------|
|                               |                                     |                           |                           |                 |   | (Accounts<br>Receivable)     | Unearned<br>Revenue | Due to<br>Grantor |
| \$ (11,789.85)<br>(13,965.00) | \$ 5,602.00<br>(5,602.00)           | \$ 11,790.00<br>13,965.00 | \$ 28,086.64              | \$ (0.15)       |   | \$ (39,558.00)<br>(5,602.00) | \$ 17,073.36        |                   |
| (25,754.85)                   | -                                   | 25,755.00                 | 28,086.64                 | (0.15)          | \$ -  | (45,160.00)                  | 17,073.36           | \$ -              |
| (6,131.56)<br>(7,789.00)      | 10,181.00<br>(10,181.00)            | 6,132.00<br>7,789.00      | 22,885.37                 | (0.44)          |   | (19,078.00)<br>(10,181.00)   | 6,373.63            |                   |
| (13,920.56)                   | -                                   | 13,921.00                 | 22,885.37                 | (0.44)          | -   | (29,259.00)                  | 6,373.63            | -                 |
| -                             | -                                   | -                         | -                         | (B)             | -   | -                            | -                   | -                 |
| (74,706.00)                   |                                     | 74,706.00                 | 72,524.00                 |                 |   | (72,524.00)                  |                     |                   |
| (2,969.00)                    |                                     | 2,969.00                  | 2,584.00                  |                 |   | (2,584.00)                   |                     |                   |
| (77,675.00)                   | -                                   | 77,675.00                 | 75,108.00                 | -               | -   | (75,108.00)                  | -                   | -                 |
| 3,057.16                      | -                                   | -                         | -                         | -               | -   | -                            | -                   | 3,057.16          |
| (114,293.25)                  | -                                   | 117,351.00                | 126,080.01                | (0.59)          | -   | (149,527.00)                 | 23,446.99           | 3,057.16          |
| (344.91)                      |                                     | 1,625.80<br>344.91        | 2,023.06                  |                 |   | (397.26)                     |                     |                   |
| (4,759.38)                    |                                     | 20,012.69<br>4,759.38     | 23,301.04                 |                 |   | (3,288.35)                   |                     |                   |
| (5,104.29)                    | -                                   | 26,742.78                 | 25,324.10                 | -               | -   | (3,685.61)                   | -                   | -                 |
| \$ (119,397.54)               | \$ -                                | \$ 144,093.78             | \$ 151,404.11             | \$ (0.59)       | \$ -  | \$ (153,212.61)              | \$ 23,446.99        | \$ 3,057.16       |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2014

| State Grantor/<br>Program Title   | Grant or<br>State Project<br>Number | Program or<br>Award<br>Amount | Grant Period |           | Balance at June 30, 2013                        |                   |
|---|-------------------------------------|-------------------------------|--------------|-----------|---|-------------------|
|   |                                     |                               | From         | To        | Unearned<br>Revenue /<br>Accounts<br>Receivable | Due to<br>Grantor |
| General Fund:   |                                     |                               |              |           |   |                   |
| New Jersey Department of Education:   |                                     |                               |              |           |   |                   |
| Current Expense:  |                                     |                               |              |           |   |                   |
| State Aid - Public Cluster:   |                                     |                               |              |           |   |                   |
| Equalization Aid  | 14-495-034-5120-078                 | \$ 1,536,364.00               | 7-1-2013     | 6-30-2014 |   |                   |
| Equalization Aid  | 13-495-034-5120-078                 | 1,537,749.00                  | 7-1-2012     | 6-30-2013 | \$ (153,774.90)                                 |                   |
| Special Education Categorical Aid   | 14-495-034-5120-089                 | 184,193.00                    | 7-1-2013     | 6-30-2014 |   |                   |
| Special Education Categorical Aid   | 13-495-034-5120-089                 | 182,578.00                    | 7-1-2012     | 6-30-2013 | (18,257.80)                                     |                   |
| Security Aid  | 14-495-034-5120-084                 | 6,115.00                      | 7-1-2013     | 6-30-2014 |   |                   |
| Security Aid  | 13-495-034-5120-084                 | 5,771.00                      | 7-1-2012     | 6-30-2013 | (577.10)  |                   |
| School Choice Aid   | 14-495-034-5120-068                 | 150,720.00                    | 7-1-2013     | 6-30-2014 |   |                   |
| School Choice Aid   | 13-495-034-5120-068                 | 74,657.00                     | 7-1-2012     | 6-30-2013 | (7,469.30)                                      |                   |
| Total State Aid - Public Cluster  |                                     |                               |              |           | (180,079.10)                                    | \$ -              |
| Transportation Aid:   |                                     |                               |              |           |   |                   |
| Categorical Transportation Aid  | 14-495-034-5120-014                 | 2,014.00                      | 7-1-2013     | 6-30-2014 |   |                   |
| Categorical Transportation Aid  | 13-495-034-5120-014                 | 2,589.00                      | 7-1-2012     | 6-30-2013 | (258.90)  |                   |
| Additional Nonpublic School Transportation Aid  | 13-495-034-5120-014                 | 34.10                         | 7-1-2012     | 6-30-2013 | (34.10)   |                   |
| Total Transportation Aid  |                                     |                               |              |           | (293.00)  | -                 |
| Extraordinary Special Education Aid   |                                     |                               |              |           |   |                   |
| Extraordinary Special Education Aid   | 14-100-034-5120-473                 | 25,033.00                     | 7-1-2013     | 6-30-2014 |   |                   |
| Extraordinary Special Education Aid   | 13-100-034-5120-473                 | 15,617.00                     | 7-1-2012     | 6-30-2013 | (15,617.00)                                     |                   |
| Total Extraordinary Special Education Aid   |                                     |                               |              |           | (15,617.00)                                     | -                 |
| Reimbursed T.P.A.F. Social Security   |                                     |                               |              |           |   |                   |
| Reimbursed T.P.A.F. Social Security   | 14-495-034-5095-002                 | 90,531.26                     | 7-1-2013     | 6-30-2014 |   |                   |
| Reimbursed T.P.A.F. Social Security   | 13-495-034-5095-002                 | 89,281.63                     | 7-1-2012     | 6-30-2013 | (43,754.25)                                     |                   |
| Total Reimbursed T.P.A.F. Social Security   |                                     |                               |              |           | (43,754.25)                                     | -                 |
| Total General Fund  |                                     |                               |              |           | (239,743.35)                                    | -                 |
| Debt Service Fund:  |                                     |                               |              |           |   |                   |
| New Jersey Department of Education:   |                                     |                               |              |           |   |                   |
| Debt Service Aid Type II  | 14-100-034-5120-075                 | 76,529.00                     | 7-1-2013     | 6-30-2014 | -   | -                 |
| Enterprise Fund:  |                                     |                               |              |           |   |                   |
| New Jersey Department of Agriculture:   |                                     |                               |              |           |   |                   |
| State School Lunch Program  | 14-100-010-3360-067                 | 573.48                        | 7-1-2013     | 6-30-2014 |   |                   |
| State School Lunch Program  | 13-100-010-3360-067                 | 615.07                        | 7-1-2012     | 6-30-2013 | (120.05)  |                   |
| Total Enterprise Fund   |                                     |                               |              |           | (120.05)  | -                 |
| Total State Financial Assistance subject to Major Program Determination for State Single Audit                |                                     |                               |              |           | (239,863.40)                                    | -                 |
| State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: |                                     |                               |              |           |   |                   |
| General Fund (Non-Cash Assistance):   |                                     |                               |              |           |   |                   |
| New Jersey Department of the Treasury:  |                                     |                               |              |           |   |                   |
| On-behalf T.P.A.F. Pension Contributions - Normal Cost  | N/A                                 | 48,749.00                     | 7-1-2013     | 6-30-2014 |   |                   |
| On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical  | N/A                                 | 90,531.26                     | 7-1-2013     | 6-30-2014 |   |                   |
| Total General Fund (Non-Cash Assistance)  |                                     |                               |              |           | -   | -                 |
| Total State Financial Assistance  |                                     |                               |              |           | \$ (239,863.40)                                 | \$ -              |

(A) See Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

| Cash<br>Received       | Adjustments (A) | Budgetary<br>Expenditures | Repayment of<br>Prior Years'<br>Balances | Balance at June 30, 2014 |  |                   | Memo                                 |                                     |
|------------------------|-----------------|---------------------------|--|--------------------------|--|-------------------|--------------------------------------|-------------------------------------|
|                        |                 |                           |  | Accounts<br>Receivable   | Unearned<br>Revenue/<br>Interfund<br>Payable | Due to<br>Grantor | Budgetary<br>Receivable<br>6/30/2014 | Cumulative<br>Total<br>Expenditures |
| \$ 1,385,820.10        |                 | \$ 1,536,364.00           |  | \$ (150,543.90)          |  |                   | \$ (150,543.90)                      | \$ 1,536,364.00                     |
| 153,774.90             |                 |                           |  |                          |  |                   |                                      |                                     |
| 166,144.46             |                 | 184,193.00                |  | (18,048.54)              |  |                   | (18,048.54)                          | 184,193.00                          |
| 18,257.80              |                 |                           |  |                          |  |                   |                                      |                                     |
| 5,515.01               |                 | 6,115.00                  |  | (599.99)                 |  |                   | (599.99)                             | 6,115.00                            |
| 577.10                 |                 |                           |  |                          |  |                   |                                      |                                     |
| 135,946.78             |                 | 150,720.00                |  | (14,773.22)              |  |                   | (14,773.22)                          | 150,720.00                          |
| 7,469.30               |                 |                           |  |                          |  |                   |                                      |                                     |
| <u>1,873,505.45</u>    | <u>\$ -</u>     | <u>1,877,392.00</u>       | <u>\$ -</u>                              | <u>(183,965.65)</u>      | <u>\$ -</u>                                  | <u>\$ -</u>       | <u>(183,965.65)</u>                  | <u>1,877,392.00</u>                 |
| 1,816.65               |                 | 2,014.00                  |  | (197.35)                 |  |                   | (197.35)                             | 2,014.00                            |
| 258.90                 |                 |                           |  |                          |  |                   |                                      |                                     |
| 34.10                  |                 |                           |  |                          |  |                   |                                      |                                     |
| <u>2,109.65</u>        | <u>-</u>        | <u>2,014.00</u>           | <u>-</u>                                 | <u>(197.35)</u>          | <u>-</u>                                     | <u>-</u>          | <u>(197.35)</u>                      | <u>2,014.00</u>                     |
|                        |                 | 25,033.00                 |  | (25,033.00)              |  |                   |                                      | 25,033.00                           |
| <u>15,617.00</u>       |                 |                           |  |                          |  |                   |                                      |                                     |
| <u>15,617.00</u>       | <u>-</u>        | <u>25,033.00</u>          | <u>-</u>                                 | <u>(25,033.00)</u>       | <u>-</u>                                     | <u>-</u>          | <u>-</u>                             | <u>25,033.00</u>                    |
| 90,682.96              |                 | 90,531.26                 |  |                          |  | 151.70            |                                      | 90,531.26                           |
| 43,754.25              |                 |                           |  |                          |  |                   |                                      |                                     |
| <u>134,437.21</u>      | <u>-</u>        | <u>90,531.26</u>          | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                                     | <u>151.70</u>     | <u>-</u>                             | <u>90,531.26</u>                    |
| <u>2,025,669.31</u>    | <u>-</u>        | <u>1,994,970.26</u>       | <u>-</u>                                 | <u>(209,196.00)</u>      | <u>-</u>                                     | <u>151.70</u>     | <u>(184,163.00)</u>                  | <u>1,994,970.26</u>                 |
| 76,529.00              |                 | 76,529.00                 |  |                          |  |                   |                                      | 76,529.00                           |
| 490.05                 |                 | 573.48                    |  | (83.43)                  |  |                   |                                      | 573.48                              |
| 120.05                 |                 |                           |  |                          |  |                   |                                      |                                     |
| <u>610.10</u>          | <u>-</u>        | <u>573.48</u>             | <u>-</u>                                 | <u>(83.43)</u>           | <u>-</u>                                     | <u>-</u>          | <u>-</u>                             | <u>573.48</u>                       |
| <u>2,102,808.41</u>    | <u>-</u>        | <u>2,072,072.74</u>       | <u>-</u>                                 | <u>(209,279.43)</u>      | <u>-</u>                                     | <u>151.70</u>     | <u>(184,163.00)</u>                  | <u>2,072,072.74</u>                 |
| 48,749.00              |                 | 48,749.00                 |  |                          |  |                   |                                      | 48,749.00                           |
| 90,531.26              |                 | 90,531.26                 |  |                          |  |                   |                                      | 90,531.26                           |
| <u>139,280.26</u>      | <u>-</u>        | <u>139,280.26</u>         | <u>-</u>                                 | <u>-</u>                 | <u>-</u>                                     | <u>-</u>          | <u>-</u>                             | <u>139,280.26</u>                   |
| <u>\$ 2,242,088.67</u> | <u>\$ -</u>     | <u>\$ 2,211,353.00</u>    | <u>\$ -</u>                              | <u>\$ (209,279.43)</u>   | <u>\$ -</u>                                  | <u>\$ 151.70</u>  | <u>\$ (184,163.00)</u>               | <u>\$ 2,211,353.00</u>              |

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2014

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Laurel Springs School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District'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.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District's basic financial statements. The information in this schedule 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 this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$3,825.00 for the general fund. There are no adjustments needed to reconcile expenditures from the budgetary basis to the GAAP basis for the special revenue fund. See Exhibit C-3, 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.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

|                      | <u>Federal</u>         | <u>State</u>           | <u>Total</u>     |
|----------------------|------------------------|------------------------|------------------|
|                      |                        | \$ 1,991,145.26        | \$ 1,991,145.26  |
| \$ 126,080.01        |                        |                        | 126,080.01       |
|                      | 25,324.10              | 76,529.00              | 76,529.00        |
|                      | <u>25,324.10</u>       | <u>573.48</u>          | <u>25,897.58</u> |
| <u>\$ 151,404.11</u> | <u>\$ 2,068,247.74</u> | <u>\$ 2,219,651.85</u> |                  |

**Note 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.

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent a cancellation of federal grants-unearned revenue.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2014, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

**Note 7: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.





**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2014

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**Finding No. 2014-1**

**Criteria or Specific Requirement**

In accordance with N.J.S.A. 18A:13-13, in a District which does not have a treasurer of school monies, the secretary shall give bond in such amount and with such surety as the board shall direct. The board shall be guided in its determination of the amount of coverage necessary by a schedule of minimum limits promulgated by the State Board of Education.

**Condition**

The surety bond coverage for the District's Business Administrator/Board Secretary was not in compliance with N.J.S.A. 18A:13-13 and the schedule of minimum limits promulgated by the State Board of Education.

**Context**

For the 2013-14 school year, the surety bond in effect for the District's Business Administrator/Board Secretary totaled \$15,000.00. The minimum amount required by the schedule promulgated by the State Board of Education was \$155,000.00. When this information was provided to the Business Administrator/Board Secretary, the surety coverage was increased to \$160,000.00, effective May 2014.

**Effect**

The District's surety bond coverage for the Business Administrator/Board Secretary did not meet the minimum amount required by the State Board of Education and the District may be exposed to insufficient surety coverage.

**Cause**

During the 2013-14 school year, the District eliminated the treasurer of school monies and did not increase the Business Administrator/Board Secretary surety bond accordingly.

**Recommendation**

That the surety bond coverage for the District's Business Administrator/Board Secretary be in compliance with N.J.S.A. 18A:13-13 and the schedule of minimum limits promulgated by the State Board of Education.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2014

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

N/A - None

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2014

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

N/A - None

**BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2013-1**

**Condition**

Our examination disclosed differences between the number of "low income" students recorded on the A.S.S.A. report and the client prepared workpapers and supporting documentation.

**Current Status**

The condition has been corrected.

**FEDERAL AWARDS**

N/A - None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

N/A - None

