

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**Spring Lake Heights, New Jersey
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SPRING LAKE HEIGHTS BOARD OF EDUCATION

SPRING LAKE HEIGHTS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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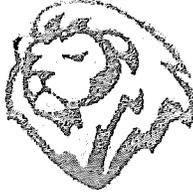
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INTRODUCTORY SECTION

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

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



Matthew K. Varley, CPA
BUSINESS ADMINISTRATOR/BOARD SECRETARY

December 14, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Spring Lake Heights School District (“District”) for the fiscal year ending June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Spring Lake Heights Board of Education (“Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial disclosures necessary to enable the reader to gain an understanding of the District’s financial activities.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the district’s organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor’s report and the Management’s Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget (“OMB”) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

The Spring Lake Heights School District is an independent report entity. It is comprised of one school. The District maintains a high quality education and provides a full range of programs and services appropriate to grades K-8. Spring Lake Heights has a sending-receiving relationship with the Manasquan School District for its high school students.

The Spring Lake Heights PTA, Booster Club and Educational Foundation are extremely active and supportive of the school district. These groups help to supplement and enhance the students' experiences at Spring Lake Heights Elementary.

The District Board is comprised of 5 members. The Board meets on the 3rd Monday of each month beginning at 7 p.m.; except when district functions or holidays interfere with that schedule.

Ruth Ziznewski, the Superintendent, retired in August 2011 after 5 years of service. Robert Mahon accepted the role of Interim Superintendent while the Board did a Superintendent's Search. Mr. Mahon stayed with the district and guided the Board through negotiations with the Spring Lake Heights Education Association and the Superintendent's search. A Memorandum of Agreement was reached but not ratified; and a new Superintendent was successfully hired.

To maintain effective communications, the District sends out a quarterly newsletter and updates its website frequently. Information is posted on the website during the budget process and presentations are conducted.

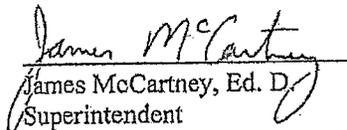
The average daily enrollment for the 2014-2015 school year was 341.0 and the average daily attendance was 324.8. This reflects an increase in the average daily enrollment of 341.0 students.

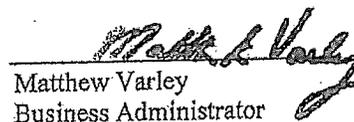
The Board continued the practice of placing money in reserves. They passed resolutions in June 2015 to add \$125,000 to the districts Capital Reserve, \$82,611 to Maintenance Reserve, and \$100,000 to Tuition Reserve. These reserves should help to continue the District's financial stability in the future.

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

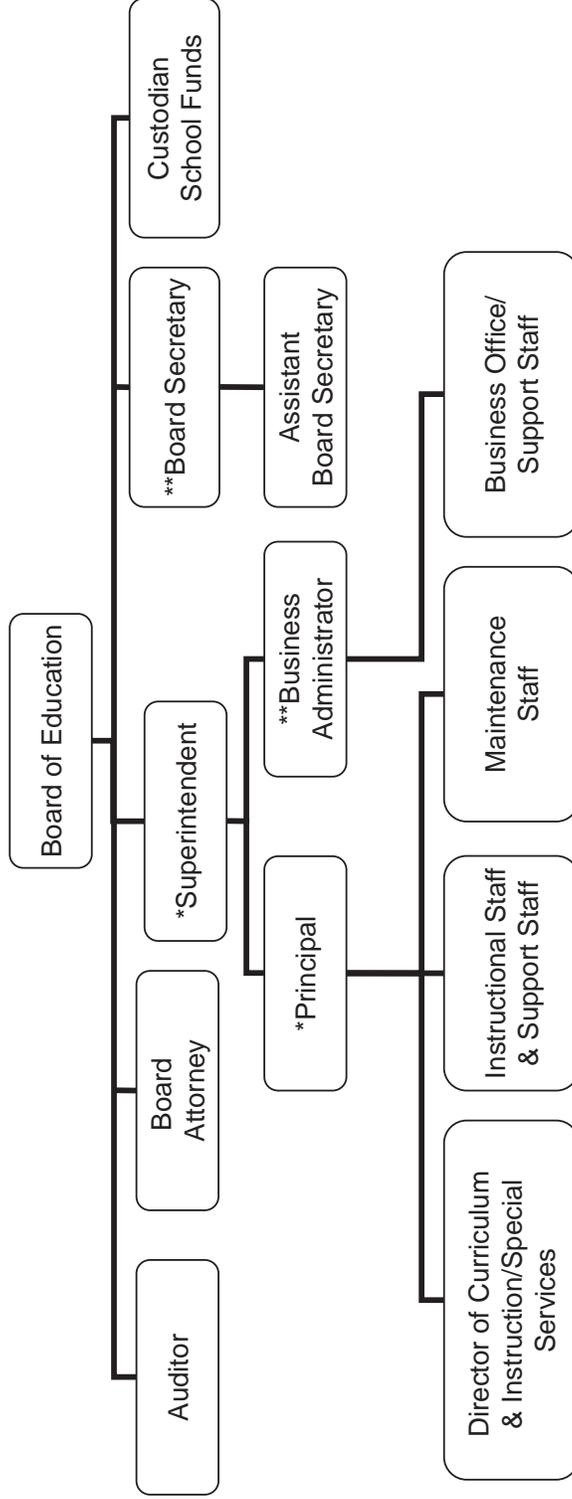
We would like to express our appreciation to the members of the Spring Lake Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our support staff.

Respectfully submitted,


James McCartney, Ed. D.
Superintendent


Matthew Varley
Business Administrator

Spring Lake Heights Board of Education Unit Control District Organizational Chart



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

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

SPRING LAKE HEIGHTS BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2015

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Kerry J. Morgan, President

2016

Michael J. Forrester, Vice President

2017

Michele Degnan-Spang

2016

Erik Gardner

2015

James McCarthy

2016

OTHER OFFICIALS

Dr. James McCartney, Superintendent of Schools

Matthew Varley, Business Administrator/Board Secretary

Cindy Barr-Rague, Treasurer of School Funds

McOmer & McOmer, Attorney

SPRING LAKE HEIGHTS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM/FINANCIAL ADVISORS

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

ATTORNEY

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

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, New Jersey 08034

Investors Savings Bank
Short Hills, New Jersey 07078

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary 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 Spring Lake Heights School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying Schedule of Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying Schedule of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Spring Lake Heights School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Spring Lake Heights School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

December 18, 2015
Freehold, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
1110 New Jersey 71, Spring Lake, NJ 07762

MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

Introduction

Management's discussion and analysis of the Spring Lake Heights Borough School District's ("District") financial results that follows will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

Basic Financial Statements

The annual report consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the District's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicly held companies. All of these activities are intended to advance the District's mission as stated at the beginning of this analysis.

The financial statements previously presented in the District's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General, Special Revenue, Proprietary and Debt Service Funds. This disclosure has been expanded by the addition of the Statement of Net Position and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue Funds.

The Statement of Net Position presents the District's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net position represents the difference between assets and liabilities, and will be presented in three categories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the District's net position and how they have changed year to year, reflecting a variety of influences such as the educational philosophy (i.e. dedicated to increased test scores), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received, as the flat funding over the past two years has had a negative impact on the District's finances.

Financial Highlights

Key financial highlights for 2015 are as follows:

- General revenues accounted for \$8,169,291.90 or 96% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,322,602.59 or 4% of total revenue of \$9,491,894.49.
- Total net position increased by \$102,582.23.
- The School District had \$9,389,312.26 in expenses; \$1,322,602.59 of these expenses was offset by program specific charges for services and operating grants and contributions. Total revenues of \$9,491,894.49, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$1,050,424.97.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

Table 1

Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and Cash Equivalents	\$ 1,077,601.21	\$ 1,381,269.60
Receivables, Net	67,600.45	95,031.23
Interfund Receivable	46,940.57	-
Inventory	1,639.85	1,633.66
Capital Assets, Net	<u>6,675,470.80</u>	<u>6,804,832.14</u>
Total Assets	7,869,252.88	8,282,766.63
Deferred Outflows of Resources:		
Pension Related	<u>79,292.00</u>	<u>48,088.00</u>
	79,292.00	48,088.00
Total Assets and Deferred Outflow of Resources	7,948,544.88	8,330,854.63
Liabilities:		
Accounts Payable	66,402.71	206,720.92
Encumbrances Payable	5,874.13	3,161.38
Interfund Payable	44,154.99	
Accrued Expenses	43,650.00	48,401.50
PERS Pension Payable	44,949.00	
Unearned Revenue	2,363.53	5,760.59
Noncurrent Liabilities:		
Due Within One Year	385,000.00	375,000.00
Due Beyond One Year	<u>3,829,874.28</u>	<u>3,146,047.57</u>
Total Liabilities	4,422,268.64	3,785,091.96
Deferred Inflow of Resources:		
Pension Related	<u>196,880.00</u>	<u>-</u>
	196,880.00	-
Total Liabilities and Deferred Inflow of Resources	4,619,148.64	3,785,091.96
Net Position:		
Net Investment in		
Capital Assets	2,498,436.52	3,319,944.57
Restricted for:		
Debt Service	1.33	1.33
General Fund	605,592.46	846,889.87
Unrestricted	<u>225,365.93</u>	<u>330,838.90</u>
Total Net Position	<u>\$ 3,329,396.24</u>	<u>\$ 4,497,674.67</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2015 and 2014.

Table 2

Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 167,885.13	\$ 153,505.69
Operating Grants and Contributions	1,154,717.46	213,549.31
General Revenues:		
Property Taxes	7,859,550.96	7,549,425.32
Grants and Entitlements	298,686.00	713,664.30
Other	<u>11,054.94</u>	<u>54,137.39</u>
Total Revenues	<u>9,491,894.49</u>	<u>8,684,282.01</u>
<u>Program Expenses</u>		
Instruction	2,376,231.26	2,320,646.41
Support Services:		
Pupils and Instructional Staff	3,366,908.64	3,226,118.32
General Administration, School Administration, Business Operations and Maintenance of Facilities	860,501.55	898,002.20
Pupil Transportation	337,832.83	363,549.97
Employee Benefits	1,906,516.86	1,263,774.57
Business-Type Activities	109,496.52	125,120.56
Other	<u>431,824.60</u>	<u>446,422.77</u>
Total Expenses	<u>9,389,312.26</u>	<u>8,643,634.80</u>
Prior Period Adjustment	<u>-</u>	<u>(56,859.31)</u>
Increase/(Decrease) in Net Position	<u>\$ 102,582.23</u>	<u>\$ (16,212.10)</u>

Governmental Activities

Annually, on the first Tuesday in November, the voters of New Jersey get an opportunity to voice their opinion on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process if the Board of Education decides to exceed the 2% cap. Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. The District remains as a minimum tax levy district. Property taxes made up 60% of revenues for governmental activities (excluding Capital Projects) for the Spring Lake Heights Borough School District for fiscal year 2014-2015.

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

Table 3

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,376,231.26	\$ 2,184,352.13	\$ 2,320,646.41	\$ 2,124,139.27
Support Services:				
Pupils and Instructional Staff	3,366,908.64	3,344,240.26	3,226,118.32	3,211,037.21
General Administration, School Administration, Business	860,501.55	860,501.55	481,914.04	481,914.04
Operation and Maintenance of Facilities			416,088.16	416,088.16
Pupil Transportation	337,832.83	306,259.83	363,549.97	340,718.97
Employee Benefits	1,906,516.86	948,952.42	1,263,774.57	1,263,774.57
Other	431,824.60	419,673.89	446,422.77	421,422.77
Total Expenses	<u>\$ 9,279,815.74</u>	<u>\$ 8,063,980.08</u>	<u>\$ 8,518,514.24</u>	<u>\$ 8,259,094.99</u>

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,913,979.56, and expenditures of \$9,099,850.85.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding Capital Projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 7,950,480.96	89.19%	\$ 504,269.40	4.53%
State Sources	816,675.44	9.16%	28,760.73	0.20%
Federal Sources	123,617.51	1.39%	(12,956.69)	-0.56%
Miscellaneous	23,205.65	0.26%	(41,406.21)	-29.33%
Total	\$ 8,913,979.56	100.00%	\$ 478,667.23	5.37%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2015:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 2,376,231.26	27.64%	\$ 138,712.43	1.26%
Undistributed Expenditures	6,109,423.59	71.06%	720,261.40	5.10%
Capital Outlay	<u>111,546.00</u>	<u>1.30%</u>	<u>62,899.00</u>	<u>17.72%</u>
Total	<u>\$ 8,597,200.85</u>	<u>100.00%</u>	<u>\$ 921,872.83</u>	<u>3.65%</u>

General Fund Budgeting Highlights

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 overexpenditures in specific line item accounts.

- * Staffing changes based on student needs
- * Changes in appropriations to prevent budget overruns
- * Increased building security
- * Supported additional educational technology purchases and support services

Capital Assets

At the end of the fiscal year 2015, the School District had \$11,086,767.85 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Land	\$ 5,000.00	\$ 5,000.00
Site Improvements	252,154.85	416,454.85
Building and Improvements	9,954,231.00	9,954,231.00
Equipment and Machinery	799,570.00	711,082.00
Less: Accumulated Depreciation	<u>(4,206,123.71)</u>	<u>(4,421,150.05)</u>
Total	<u>\$ 6,804,832.14</u>	<u>\$ 6,665,617.80</u>

Debt Administration

At June 30, 2015, the Spring Lake Heights Borough School District had \$2,910,000.00 in outstanding bonds and \$37,840.00 for Compensated Absences.

At June 30, 2015, the School District's overall legal debt margin was \$30,480,868.68.

GASB 68

As described in Note 17 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$(1,270,861.00), as indicated in Note 17 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

Current Financial Issues and Concerns

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

The Spring Lake Heights School Board passed resolutions in June 2015 to fund Tuition Reserve, Capital Reserve and Maintenance Reserve to further aid in the School District's financial stability.

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

Contacting the School District's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact the School Business Administrator/Board Secretary at Spring Lake Heights Board of Education, 1110 Highway #71, Spring Lake Heights, NJ 07762.

Basic Financial Statements

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A. Government-Wide Financial Statements

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>TOTALS</u>		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2015
Assets:			
Cash and Cash Equivalents	\$ 1,051,551.06	\$ 26,050.15	\$ 1,077,601.21
Receivables, Net	66,071.64	1,528.81	67,600.45
Interfund	24,386.58	22,553.99	46,940.57
Inventory	-	1,639.85	1,639.85
Capital Assets, Non-Depreciable (Note 6)	5,000.00	-	5,000.00
Capital Assets, Depreciable, Net (Note 6)	6,660,617.80	9,853.00	6,670,470.80
Total Assets	7,807,627.08	\$ 61,625.80	\$ 7,869,252.88
Deferred Outflows of Resources:			
Deferred Outflows Related to Pensions	79,292.00	-	79,292.00
Total Deferred Outflows of Resources	79,292.00	-	79,292.00
Total Assets and Deferred Outflow of Resources	7,886,919.08	61,625.80	7,948,544.88
Liabilities:			
Accounts Payable	63,154.36	\$ 3,248.35	\$ 66,402.71
Encumbrances Payable	5,874.13	-	5,874.13
Interfund Payable	22,553.99	21,601.00	44,154.99
Accrued Expenses	43,650.00	-	43,650.00
PERS Pension Payable	44,949.00	-	44,949.00
Unearned Revenue	0.50	2,363.03	2,363.53
Noncurrent Liabilities (Note 8):			
Due Within One Year	409,985.95	-	409,985.95
Due Beyond One Year	3,804,888.33	-	3,804,888.33
Total Liabilities	4,395,056.26	27,212.38	4,422,268.64
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions	196,880.00	-	196,880.00
Total Deferred Inflows of Resources	196,880.00	-	196,880.00
Total Liabilities and Deferred Inflow of Resources	4,591,936.26	27,212.38	4,619,148.64
Net Position:			
Net Investment in Capital Assets	2,488,583.52	9,853.00	2,498,436.52
Restricted for:			
Debt Service	1.33	-	1.33
Other Purposes	605,592.46	-	605,592.46
Unrestricted	200,805.51	24,560.42	225,365.93
Total Net Position	\$ 3,294,982.82	\$ 34,413.42	\$ 3,329,396.24

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2015
GOVERNMENTAL ACTIVITIES						
Instruction:						
Regular	\$ 1,731,008.54	\$ 90,930.00	\$ 100,949.13	\$ (1,539,129.41)	\$ -	\$ (1,539,129.41)
Special Education	500,951.80	-	-	(500,951.80)	-	(500,951.80)
Other Special Instruction	76,948.74	-	-	(76,948.74)	-	(76,948.74)
Other Instruction	67,322.18	-	-	(67,322.18)	-	(67,322.18)
Support Services:						
Tuition	2,716,989.62	-	-	(2,716,989.62)	-	(2,716,989.62)
Student and Instruction Related Services	649,919.02	-	22,668.38	(627,250.64)	-	(627,250.64)
General and Business Administrative Services	240,773.99	-	-	(240,773.99)	-	(240,773.99)
School Administrative Services	91,640.76	-	-	(91,640.76)	-	(91,640.76)
Central Services	139,666.06	-	-	(139,666.06)	-	(139,666.06)
Administrative Information Technology	5,323.30	-	-	(5,323.30)	-	(5,323.30)
Plant Operations and Maintenance	383,097.44	-	-	(383,097.44)	-	(383,097.44)
Pupil Transportation	337,832.83	-	31,573.00	(306,259.83)	-	(306,259.83)
Employee Benefits	1,906,516.86	-	957,564.44	(948,952.42)	-	(948,952.42)
Noninstructional Equipment	12,150.71	-	12,150.71	-	-	-
Interest & Other Changes to Long-Term Debt	127,308.55	-	-	(127,308.55)	-	(127,308.55)
Unallocated Depreciation and Amortization	292,365.34	-	-	(292,365.34)	-	(292,365.34)
Total Government Activities	9,279,815.74	90,930.00	1,124,905.66	(8,063,980.08)	-	(8,063,980.08)
BUSINESS-TYPE ACTIVITIES						
Food Service	109,496.52	76,955.13	29,811.80	(2,729.59)	(2,729.59)	(2,729.59)

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2015
Total Business-Type Activities	109,496.52	76,955.13	-	(2,729.59)	(2,729.59)
Total Primary Government	\$ 9,389,312.26	\$ 167,885.13	(8,063,980.08)	(2,729.59)	(8,066,709.67)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			7,356,900.96	-	7,356,900.96
Taxes Levied for Debt Service			502,650.00	-	502,650.00
Federal & State Aid Not Restricted			298,686.00	-	298,686.00
Miscellaneous Income			11,054.94	-	11,054.94
Investment Earnings			-	-	-
Total General Revenues			8,169,291.90	-	8,169,291.90
Change In Net Position			105,311.82	(2,729.59)	102,582.23
Net Position - Beginning, as restated, see Note 17			3,189,671.00	37,143.01	3,226,814.01
Ending Net Position			\$ 3,294,982.82	\$ 34,413.42	\$ 3,329,396.24

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

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B. Fund Financial Statements

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Governmental Funds

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and Cash Equivalents	\$ 1,049,921.10	\$ 1,628.63	\$ -	\$ 1.33	\$ 1,051,551.06
Receivables From Other Governments:					
State	17,475.64	-	-	-	17,475.64
Federal	-	246.00	-	-	246.00
Other Receivables	44,350.00	4,000.00	-	-	48,350.00
Due From Other Funds	24,386.58	-	-	-	24,386.58
Total Assets	\$ 1,136,133.32	\$ 5,874.63	\$ -	\$ 1.33	\$ 1,142,009.28
Liabilities and Fund Balances:					
Liabilities:					
Cash Deficit	-	-	-	-	-
Accounts Payable	63,154.36	-	-	-	63,154.36
Encumbrances Payable	-	5,874.13	-	-	5,874.13
Interfund Payable	22,553.99	-	-	-	22,553.99
Unearned Revenue	-	0.50	-	-	0.50
Total Liabilities	85,708.35	5,874.63	-	-	91,582.98
Fund Balances:					
Restricted:					
Capital Reserve	175,000.00	-	-	-	175,000.00
Maintenance Reserve	280,592.46	-	-	-	280,592.46
Emergency Reserve	50,000.00	-	-	-	50,000.00
Tuition Reserve	100,000.00	-	-	-	100,000.00
Debt Service Fund	-	-	-	1.33	1.33
Assigned:					
Other Purposes	148,381.51	-	-	-	148,381.51
Designated for Subsequent Year's Expenditures	75,682.00	-	-	-	75,682.00
Unassigned	220,769.00	-	-	-	220,769.00
Total Fund Balances	1,050,424.97	-	-	1.33	1,050,426.30
Total Liabilities and Fund Balances	\$ 1,136,133.32	\$ 5,874.63	\$ -	\$ 1.33	

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 governmental funds. The cost of the assets is \$11,086,767.85 and the accumulated depreciation is \$4,421,150.05 (See Note 6). 6,665,617.80

Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunds are applicable to future reporting periods and, therefore, are not reported in the funds. (117,588.00)

Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium, other post employment benefits and capital leases payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. (4,214,874.28)

Accrued interest on long-term liabilities and PERS pension payable are not reported as a liability in the Fund. (88,599.00)

Net Position of Governmental Activities \$ 3,294,982.82

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,356,900.96	\$ -	\$ -	\$ 502,650.00	\$ 7,859,550.96
Tuition - From Individuals	90,930.00	-	-	-	90,930.00
Other	11,054.94	12,150.71	-	-	23,205.65
Total - Local Sources	7,458,885.90	12,150.71	-	502,650.00	7,973,686.61
State Sources	816,675.44	-	-	-	816,675.44
Federal Sources	-	123,617.51	-	-	123,617.51
Total Revenues	8,275,561.34	135,768.22	-	502,650.00	8,913,979.56
Expenditures:					
Current:					
Regular Instruction	1,630,059.41	100,949.13	-	-	1,731,008.54
Special Education Instruction	500,951.80	-	-	-	500,951.80
Other Special Instruction	76,948.74	-	-	-	76,948.74
Other Instruction	67,322.18	-	-	-	67,322.18
Support Services and Undistributed Costs:	-	-	-	-	-
Tuition	2,716,989.62	-	-	-	2,716,989.62
Student and Instruction Related Services	627,250.64	22,668.38	-	-	649,919.02
General Administration	240,773.99	-	-	-	240,773.99
School Administrative Services	91,640.76	-	-	-	91,640.76
Central Services	139,666.06	-	-	-	139,666.06
Administrative Information Technology	5,323.30	-	-	-	5,323.30
Plant Operations and Maintenance	465,247.44	-	-	-	465,247.44
Pupil Transportation	337,832.83	-	-	-	337,832.83
Employee Benefits	1,449,879.86	-	-	-	1,449,879.86
Noninstructional Equipment	-	12,150.71	-	-	12,150.71
Debt Service:	-	-	-	-	-
Interest and Other Charges	-	-	-	127,650.00	127,650.00
Principal	-	-	-	375,000.00	375,000.00
Capital Outlay	111,546.00	-	-	-	111,546.00
Total Expenditures	8,461,432.63	135,768.22	-	502,650.00	9,099,850.85
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(185,871.29)	-	-	-	(185,871.29)
Other Financing Sources/(Uses):					
Transfer - Interest Earned in Capital Projects Fund	-	-	-	-	-
Transfer Out	-	-	-	-	-
Transfer In	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-
Net Change in Fund Balances	(185,871.29)	-	-	-	(185,871.29)
Fund Balance - July 1	1,236,296.26	-	-	1.33	1,236,297.59
Fund Balance - June 30	\$ 1,050,424.97	\$ -	\$ -	\$ 1.33	\$ 1,050,426.30

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (185,871.29)

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, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.

Depreciation Expense	\$ (292,365.34)	
Capital Asset Additions	<u>164,300.00</u>	
		(128,065.34)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Direct Pension Contributions - TPAF	471,148.00	
Pension Expense - TPAF	(471,148.00)	
District Pension Contributions - PERS	48,088.00	
Pension Expense - PERS	<u>(31,897.00)</u>	16,191.00

Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 375,000.00

Bond discounts and bond premiums are amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the governmental funds. 24,985.95

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

Current Year	(37,840.00)	
Prior Year	<u>36,160.00</u>	
		<u>(1,680.00)</u>

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation.

Current Year	(43,650.00)	
Prior Year	<u>48,401.50</u>	
		<u>4,751.50</u>

Change in Net Position of Governmental Activities \$ 105,311.82

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Proprietary Funds

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 26,050.15
Intergovernmental Receivables:	
State	87.39
Federal	1,193.64
Due From General Fund	22,553.99
Due From Students	247.78
Inventory	1,639.85
	51,772.80
Total - Current Assets	51,772.80
Noncurrent Assets:	
Furniture, Machinery and Equipment	88,488.00
Less:	
Accumulated Depreciation	(78,635.00)
	9,853.00
Total - Noncurrent Assets	9,853.00
Total Assets	61,625.80
Liabilities:	
Accounts Payable	3,248.35
Due to General Fund	21,601.00
Deferred Revenue	2,363.03
	27,212.38
Total - Liabilities	27,212.38
Net Position:	
Net Investment in Capital Assets	9,853.00
Unrestricted	24,560.42
	34,413.42
Total Net Position	\$ 34,413.42

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 45,906.10
Daily Sales - Non-Reimbursable Programs	28,462.37
Miscellaneous	2,586.66
Total Operating Revenues	76,955.13
Operating Expenses:	
Salaries	27,887.66
Purchased Professional/Technical Services	7,202.10
Other Purchased Services	8,285.97
Depreciation	1,296.00
Miscellaneous Expense	9,309.71
Cost of Sales	55,515.08
Total Operating Expenses	109,496.52
Operating Income (Loss)	(32,541.39)
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	1,024.69
Federal Sources:	
National School Lunch Program	19,673.78
Food Distribution Program	9,113.33
Total Nonoperating Revenues	29,811.80
Change in Net Position	(2,729.59)
Transfers In	-
Change in Net Position After Transfers	(2,729.59)
Total Net Position - Beginning	37,143.01
Total Net Position - Ending	\$ 34,413.42

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 54,607.43
Payments To Employees	(27,887.66)
Payments To Suppliers	(83,534.68)
Net Cash Provided By/(Used For) Operating Activities	(56,814.91)
Cash Flows From Noncapital Financing Activities:	
State Sources	1,122.46
Federal Sources	22,684.39
Net Cash Provided By Noncapital Financing Activities	23,806.85
Net Increase in Cash and Cash Equivalents	(33,008.06)
Balance - Beginning of Year	59,058.21
Balance - End of Year	\$ 26,050.15
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Income/(Loss):	\$ (32,541.39)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Depreciation	1,296.00
Donated Commodities Received During the Year	9,113.33
(Increase)/Decrease in Accounts Receivable	212.48
Increase/(Decrease) in Deferred Revenue	627.28
Decrease in Interfund Receivable	(22,553.99)
(Increase)/Decrease in Inventories	(6.19)
Increase/(Decrease) in Interfund Payable	-
Increase/(Decrease) in Accounts Payable	(12,962.43)
Total Adjustments	(24,273.52)
Net Cash Provided By/(Used For) Operating Activities	\$ (56,814.91)

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

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Fiduciary Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUND	TOTALS
Assets:			
Cash and Cash Equivalents	\$ 9,804.15	\$ 23,407.81	\$ 33,211.96
Total Assets	9,804.15	\$ 23,407.81	\$ 33,211.96
Liabilities:			
Payable To Student Groups	-	20,622.25	20,622.25
Interfund Payable	-	2,756.89	2,756.89
Payroll Deductions and Withholdings	-	28.67	28.67
Total Liabilities	-	23,407.81	23,407.81
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	9,804.15	-	9,804.15
Total Net Position	9,804.15	-	9,804.15
Total Liabilities and Net Position	\$ 9,804.15	\$ 23,407.81	\$ 33,211.96

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	UNEMPLOYMENT COMPENSATION TRUST
Additions:	
Contributions:	
Plan Member	\$ 11,459.85
Total Contributions	11,459.85
Investment Earnings:	
Interest	13.85
Net Investment Earnings	13.85
Total Additions	11,473.70
Deductions:	
Unemployment Claims	21,506.73
Total Deductions	21,506.73
Change in Net Position	(10,033.03)
Net Position - Beginning of Year	19,837.18
Net Position - End of Year	\$ 9,804.15

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

SPRING LAKE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies

The financial statements of the Spring Lake Heights School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

Reporting Entity

The Spring Lake Heights School District (hereafter referred to as the ‘District’) is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through 8. The District has an approximate enrollment at June 30, 2015 of 347 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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 in 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.

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.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

fiscal year-end. 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. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the Food Service Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings,

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(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:23-2-11.

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 last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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 accounts as presented in the General Fund Budgetary Comparison Schedules 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 Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

Cash and Cash equivalents 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued):

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

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 measureable and the District is eligible to realize the revenue.

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, government 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.

Use of 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 assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

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

- Non-spendable – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These 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) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 1. Summary of Significant Accounting Policies (continued):

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District’s policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District’s policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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 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 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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves 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 inter-period equity, and creating additional transparency.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued):

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 18, 2015, which is the date the financial statements were available to be issued.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$1,206,248.64 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000.00
Collateralized by securities held by Pledging financial institution	-
Uninsured and uncollateralized	<u>956,248.64</u>
Total	<u><u>\$ 1,206,248.64</u></u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 2. Cash Deposits and Investments (continued):

recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer.

The District did not hold any investments at June 30, 2015.

Note 3. Reserve Accounts

A. Capital Reserve

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

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

The activity of the capital reserve for the July 01, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 176,500.00
Transfer per Resolution	125,000.00
Interest Earnings	-
Budgeted Withdrawals	<u>(126,500.00)</u>
Ending Balance, June 30, 2015	<u>\$ 175,000.00</u>

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve Account

The Spring Lake Heights School District established a Maintenance Reserve Account on June 28, 2011 for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the June 30, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 342,981.00
Transfer per June Resolution	82,611
Budgeted Withdrawals	(145,000)
Interest Earnings	<u>-</u>
Ending Balance, June 30, 2015	<u>\$ 280,592.46</u>

C. Emergency Reserve

An Emergency Reserve Account was established by the Spring Lake Heights School District for the accumulation of funds for use in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district School District between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The June 30, 2015 and 2014 balances were \$50,000.00.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 3. Reserve Accounts (continued):

D. Tuition Reserve

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

The activity of the Tuition Reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 150,000.00
Transfers	100,000.00
Budgeted Withdrawals	<u>(150,000.00)</u>
Ending Balance, June 30, 2015	<u>\$ 100,000.00</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. 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:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 17,475.64	\$ -	\$ 87.39	\$ 17,563.03
Federal Aid	-	246.00	1,193.64	1,439.64
Other	44,350.00	4,000.00	247.78	48,597.78
Total	<u>\$ 61,825.64</u>	<u>\$ 4,246.00</u>	<u>\$ 1,528.81</u>	<u>\$ 67,600.45</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2015, the District transferred \$111,546 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>5,000.00</u>	-	-	<u>5,000.00</u>
Capital Assets being depreciated:				
Site & Site improvements	252,154.85	164,300.00	-	416,454.85
Buildings & improvements	9,954,231.00	-	-	9,954,231.00
Machinery & Equipment	711,082.00	-	-	711,082.00
Total capital assets being depreciated	<u>10,917,467.85</u>	<u>164,300.00</u>	-	<u>11,081,767.85</u>
Less:				
Accumulated depreciation	(4,128,784.71)	(292,365.34)	-	(4,421,150.05)
Total accumulated depreciation	<u>(4,128,784.71)</u>	<u>(292,365.34)</u>	-	<u>(4,421,150.05)</u>
Total capital assets being depreciated, net	<u>6,788,683.14</u>	<u>(128,065.34)</u>	-	<u>6,660,617.80</u>
Total Governmental Activities capital assets, net	<u>\$ 6,793,683.14</u>	<u>\$ (128,065.34)</u>	<u>\$ -</u>	<u>\$ 6,665,617.80</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 6. Capital Assets (continued):

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 88,488.00	\$ -	\$ -	\$ 88,488.00
Total capital assets being depreciated	88,488.00	-	-	88,488.00
Less: accumulated depreciation:				
Machinery & Equipment	(77,339.00)	(1,296.00)	-	(78,635.00)
Total accumulated depreciation	(77,339.00)	(1,296.00)	-	(78,635.00)
Total capital assets being depreciated, net	<u>11,149.00</u>	<u>(1,296.00)</u>	-	<u>9,853.00</u>
Total Business-type activities capital assets, net	<u>\$ 11,149.00</u>	<u>\$ (1,296.00)</u>	<u>\$ -</u>	<u>\$ 9,853.00</u>

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	<u>\$ 292,365.34</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 292,365.34</u></u>

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 24,386.56	\$ 22,553.99
Food Service Fund	22,553.99	21,601.00
Fiduciary Funds	<u>-</u>	<u>2,785.56</u>
	<u>\$ 46,940.55</u>	<u>\$ 46,940.55</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 8. Long-Term Obligations

During the fiscal year-ended June 30, 2015 the following changes occurred in long-term obligations:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 36,020.00	\$ 2,520.00	\$ (700.00)	\$ 37,840.00	\$ -
Net Pension Liability	1,270,861.00	-	(178,728.00)	1,092,133.00	-
Bond Premium/(Discount)	199,887.57	-	(24,985.95)	174,901.62	24,985.95
General Obligation Bonds	3,285,000.00	-	(375,000.00)	2,910,000.00	385,000.00
Loans Payable	25,475.12	-	(25,475.12)	-	-
	<hr/>			<hr/>	
Total	\$ 4,817,243.69	\$ 2,520.00	\$ (604,889.07)	\$ 4,214,874.62	\$ 409,985.95
	<hr/>			<hr/>	

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2015, bonds payable consisted of the following individual issues:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 8. Long-Term Obligations (continued):

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Refunding Bonds	2.00% - 4.00%	6/30/2022	\$ 4,065,000.00	\$ <u>2,910,000.00</u>
Total				\$ <u><u>2,910,000.00</u></u>

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2016	\$ 385,000.00	\$ 116,400.00	\$ 501,400.00
2017	400,000.00	101,000.00	501,000.00
2018	415,000.00	85,000.00	500,000.00
2019	435,000.00	68,400.00	503,400.00
2020	430,000.00	51,000.00	481,000.00
2021	425,000.00	33,800.00	458,800.00
2022	<u>420,000.00</u>	<u>16,800.00</u>	<u>436,800.00</u>
Total	\$ <u><u>2,910,000.00</u></u>	\$ <u><u>472,400.00</u></u>	\$ <u><u>3,382,400.00</u></u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the District had no authorized but not issued bonds.

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 48,088	100%	\$ 1,092,133
6/30/2014	55,391	100%	1,270,861
6/30/2013	36,705	100%	-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$1,092,133 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .00583%, which was a decrease of .00665% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
Actuarial valuation date	July 1, 2014	July 1, 2013
Deferred Outflows of Resources	\$ 79,292	\$ 48,088
Deferred Inflows of Resources	\$ 196,880	N/A
Net Pension Liability	\$ 1,092,133	\$ 1,270,861
District's portion of the Plan's total net pension Liability	0.00583%	0.00665%

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$31,897. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	34,343	-
Net difference between projected and actual earnings on pension plan investments	-	65,085
Changes in proportion and differences between District contributions and proportionate share of contributions	-	131,795
District contributions subsequent to the measurement date	44,949	-
Total	<u>\$ 79,292</u>	<u>\$ 196,880</u>

\$44,949 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		
<u>June 30:</u>	<u>PERS</u>	
2016	\$	(28,149)
2017	\$	(28,149)
2018	\$	(28,149)
2019	\$	(28,149)
2020	\$	(28,149)
Thereafter		(21,791)

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>1%</u> <u>Decrease</u> <u>(4.39%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (5.39%)</u>	<u>1%</u> <u>Increase</u> <u>(6.39%)</u>
District's proportionate share of the net pension liability	1,373,941	1,092,133	855,487

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

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

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$ 593,570	100%	\$ -
6/30/2014	237,552	100%	-
6/30/2013	295,306	100%	-

Teachers Pensions and Annuity Fund (TPAF) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 9: Pension Obligations (continued):

B. Teachers' Pension and Annuity Fund (TPAF) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 9: Pension Obligations (continued):

C. Defined Contribution Retirement Plan (DCRP)

The District contributes to the Defined Contribution Retirement Plan (DCRP), a defined contribution pension plan, for its full-time general administrative employees. DCRP is administered by the Division of Pension and Benefits.

Benefit terms, including contribution requirements, for DCRP are established and may be amended by the plan administrator. For each employee in the pension plan, the District is required to contribute 3 percent of base salary, to an individual employee account. Employees make contributions to the pension plan at a rate of 5.5 percent of base salary. Base salary is determined to be annual compensation, exclusive of overtime pay, bonuses, and lump sum payments for longevity, holiday pay, vacation, compensatory time, or accumulated sick leave. Employees are immediately vested in their contributions, employer contributions, and earnings on those contributions.

Note 10. Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 103,432 retirees receiving post-retirement medical benefits, and the state contributed \$1.04 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 benefits 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

Note 11. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

Joint Insurance Pool – The Spring Lake Heights School District participates in the Monmouth County Insurance Pool Joint Insurance Fund. Insurance coverage as provided by the Fund can be found In the Statistical Section of this Comprehensive Annual Financial Report.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2015

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – There is no pending litigation involving any material monetary amount.

Note 13. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits 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 assets are held in a trust fund for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$37,840.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2015**

Note 15. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2015 is \$250,000.

Note 16. Fund Balance

General Fund – Of the \$1,050,424,97 General Fund fund balance at June 30, 2015, \$175,000.00 has been reserved in the Capital Reserve Account; \$280,592.46 has been reserved in the Maintenance Reserve Account; \$50,000.00 has been reserved in the Emergency Reserve Account; \$100,000.00 has been reserved in the Tuition Reserve Account; \$75,682.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$0.00 is restricted for current year excess surplus; \$148,381.51 has been reserved for encumbrances; and \$250,000.00 is unassigned.

Note 17. Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	<u>Governmental Activities</u>
Net Position as previously reported at June 30, 2014	\$ 4,460,532
Prior period adjustment - Implementation of GASB 68: Net Pension Liability (measurement date as of June 30, 2013)	(1,270,861)
Deferred Outflows - district contributions made during fiscal year 2014	48,088
PERS Pension Payable (2015 District PERS Pension contribution)	(48,088)
Total prior period adjustment	<u>(1,270,861)</u>
Net Position as restated, July 1, 2014	<u>\$ 3,189,671</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,356,903.00	\$ -	\$ 7,356,903.00	\$ 7,356,900.96	\$ (2.04)
Tuition	37,450.00	-	37,450.00	90,930.00	53,480.00
Tuition From State	-	-	-	-	-
Transportation Fees From State	-	-	-	-	-
Unrestricted Miscellaneous Revenues	10,681.00	-	10,681.00	11,054.94	373.94
Total Local Sources	7,405,034.00	-	7,405,034.00	7,458,885.90	53,851.90
State Sources:					
Categorical Special Education Aid	281,977.00	-	281,977.00	281,977.00	-
Categorical Security Aid	8,129.00	-	8,129.00	8,129.00	-
Categorical Transportation Aid	22,033.00	-	22,033.00	22,033.00	-
Extraordinary Aid	-	-	-	9,325.00	9,325.00
Nonpublic School Transportation Aid	-	-	-	209.00	209.00
Other State Aids	9,540.00	-	9,540.00	9,540.00	-
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	122,422.00	122,422.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	194,344.00	194,344.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	169,650.44	169,650.44
Total State Sources	321,679.00	-	321,679.00	817,629.44	495,950.44
Total Revenues	7,726,713.00	-	7,726,713.00	8,276,515.34	549,802.34

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	197,494.00	(8,785.00)	188,709.00	188,709.00	-
Grades 1-5	732,656.00	45,928.03	778,584.03	778,305.98	278.05
Grades 6-8	502,795.00	26,211.37	529,006.37	529,006.37	-
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000.00	476.00	1,476.00	1,476.00	-
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	19,000.00	(16,071.97)	2,928.03	2,928.00	0.03
General Supplies	90,000.00	43,788.57	133,788.57	127,233.63	6,554.94
Textbooks	15,000.00	(13,440.57)	1,559.43	1,559.43	-
Other Objects	3,000.00	(2,159.00)	841.00	841.00	-
Total Regular Programs - Instruction	1,560,945.00	75,947.43	1,636,892.43	1,630,059.41	6,833.02
Special Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	510,009.00	(7,942.23)	502,066.77	500,330.02	1,736.75
General Supplies	500.00	600.00	1,100.00	621.78	478.22
Total Spec. Educ. - Instruction - Resource Room/Resource Center	510,509.00	(7,342.23)	503,166.77	500,951.80	2,214.97
Total Special Education - Instruction	510,509.00	(7,342.23)	503,166.77	500,951.80	2,214.97
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	76,400.00	245.60	76,645.60	76,645.60	-
General Supplies	500.00	-	500.00	303.14	196.86
Total Basic Skills/Remedial - Instruction	76,900.00	245.60	77,145.60	76,948.74	196.86

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Bilingual Education - Instruction:					
Salaries of Teachers	9,201.00	(9,201.00)	-	-	-
General Supplies	500.00	(500.00)	-	-	-
Total Bilingual Education - Instruction	9,701.00	(9,701.00)	-	-	-
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	20,763.00	6,426.00	27,189.00	21,533.25	5,655.75
Purchased Services	2,652.00	(1,628.00)	1,024.00	583.88	440.12
Total Sch. Sponsored Co/Extra-Curricular Activities - Instruction	23,415.00	4,798.00	28,213.00	22,117.13	6,095.87
School Sponsored Athletics - Instruction:					
Salaries	32,600.00	-	32,600.00	31,474.00	1,126.00
Purchased Services	7,000.00	(1,541.25)	5,458.75	5,250.80	207.95
Supplies and Materials	4,000.00	(90.00)	3,910.00	3,709.00	201.00
Other Objects	2,200.00	100.00	2,300.00	2,300.00	-
Total School Sponsored Athletics - Instruction	45,800.00	(1,531.25)	44,268.75	42,733.80	1,534.95
Other Instructional Programs - Instruction:					
Purchased Services	3,000.00	(528.75)	2,471.25	2,471.25	-
Total Other Instructional Programs - Instruction	3,000.00	(528.75)	2,471.25	2,471.25	-
Total - Instruction	2,230,270.00	61,887.80	2,292,157.80	2,275,282.13	16,875.67
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Regular	1,756,424.00	51,376.00	1,807,800.00	1,807,772.00	28.00
Tuition To Other LEAs Within the State - Special	373,291.00	(204,122.14)	169,168.86	124,783.09	44,385.77
Tuition To County Vocational School District - Regular	132,000.00	5,700.00	137,700.00	137,700.00	-
Tuition To County Vocational School District - Special	-	27,320.00	27,320.00	27,320.00	-

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Tuition To Private Schools for the Disabled Within State	621,858.00	78,142.00	700,000.00	618,158.43	81,841.57
Tuition - Other	700.00	571.10	1,271.10	1,256.10	15.00
Total Undist. Expend. - Instruction	2,884,273.00	(41,013.04)	2,843,259.96	2,716,989.62	126,270.34
Undist. Expend. - Attendance and Social Work Services:					
Salaries	25,994.00	-	25,994.00	19,859.42	6,134.58
Purchased Professional and Technical Services	6,500.00	-	6,500.00	5,812.00	688.00
Total Undist. Expend. - Attendance and Social Work Services	32,494.00	-	32,494.00	25,671.42	6,822.58
Undist. Expend. - Health Services:					
Salaries	52,389.00	(357.00)	52,032.00	51,889.00	143.00
Purchased Professional and Technical Services	3,000.00	1,540.00	4,540.00	4,540.00	-
Supplies and Materials	2,500.00	(1,183.00)	1,317.00	514.61	802.39
Other Objects	300.00	-	300.00	110.00	190.00
Total Undist. Expend. - Health Services	58,189.00	-	58,189.00	57,053.61	1,135.39
Undist. Expend. - Speech, OT, PT & Related Svcs:					
Salaries	97,345.00	19,609.00	116,954.00	116,160.50	793.50
Purchased Professional - Educational Services	3,100.00	(1,000.00)	2,100.00	2,084.00	16.00
Total Undist. Expend. - Speech, OT, PT & Related Svcs.	100,445.00	18,609.00	119,054.00	118,244.50	809.50
Undist. Expend. - Other Support Serv. Students - Extraord. Svc:					
Salaries	64,030.00	(14,136.00)	49,894.00	43,849.00	6,045.00
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Svc.	64,030.00	(14,136.00)	49,894.00	43,849.00	6,045.00

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Undist. Expend. - Guidance - Regular:					
Salaries Other Professional Staff	26,145.00	-	26,145.00	7,843.30	18,301.70
Other Purchased Professional and Technical Services	500.00	-	500.00	-	500.00
Supplies and Materials	1,000.00	-	1,000.00	-	1,000.00
Total Undist. Expend. - Guidance - Regular	27,645.00	-	27,645.00	7,843.30	19,801.70
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	132,528.00	(14,707.57)	117,820.43	117,017.80	802.63
Salaries of Secretarial and Clerical Assistants	16,955.00	-	16,955.00	16,954.80	0.20
Other Purchased Professional and Technical Services	1,000.00	1,700.00	2,700.00	1,800.00	900.00
Other Purchased Services (400-500 series)	1,000.00	(1,000.00)	-	-	-
Miscellaneous Purchased Services (Other Than Resid. Cos	6,000.00	1,299.74	7,299.74	7,224.86	74.88
Supplies and Materials	3,500.00	(1,999.74)	1,500.26	1,228.95	271.31
Total Undist. Expend. - Child Study Teams	160,983.00	(14,707.57)	146,275.43	144,226.41	2,049.02
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	100,000.00	-	100,000.00	63,499.92	36,500.08
Salaries of Other Professional Staff	1,000.00	-	1,000.00	150.00	850.00
Salaries of Secretarial and Clerical Assistants	16,955.00	0.04	16,955.04	16,955.04	-
Purchased Professionals - Ed. Services	-	215.00	215.00	215.00	-
Other Purchased Services	2,500.00	(105.00)	2,395.00	1,453.78	941.22
Supplies and Materials	500.00	(110.04)	389.96	-	389.96
Other Objects	1,110.00	-	1,110.00	100.00	1,010.00
Total Undist. Expend. - Improvement of Instructional Services	122,065.00	0.00	122,065.00	82,373.74	39,691.26
Undist. Expend. - Educational Media/School Library:					
Salaries	63,813.00	250.00	64,063.00	63,992.40	70.60
Salaries of Technology Coordinators	57,120.00	6,730.93	63,850.93	63,850.93	-
Other Purchased Services	3,000.00	-	3,000.00	1,767.67	1,232.33

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
11-000-222-600	5,000.00	-	5,000.00	4,443.73	556.27
11-000-222-800	500.00	(250.00)	250.00	-	250.00
Total Undist. Expend. - Educational Media/School Library	129,433.00	6,730.93	136,163.93	134,054.73	2,109.20
Undist. Expend. - Instructional Staff Training Services:					
Purchased Professional- Educational Services	12,500.00	(1,000.00)	11,500.00	8,494.99	3,005.01
Other Purchased Services	6,000.00	1,000.00	7,000.00	5,438.94	1,561.06
Total Undist. Expend. - Instructional Staff Training Services	18,500.00	-	18,500.00	13,933.93	4,566.07
Undist. Expend. - Support Services - General Administration:					
Salaries	142,033.00	8,230.04	150,263.04	149,483.66	779.38
Legal Services	18,000.00	6,000.00	24,000.00	23,958.29	41.71
Audit Fees	16,500.00	-	16,500.00	16,270.00	230.00
Other Purchased Professional Services	7,925.00	2,075.00	10,000.00	9,634.00	366.00
Communications/Telephone	23,000.00	(5,530.28)	17,469.72	13,013.65	4,456.07
BOE Other Purchased Services	1,750.00	(1,000.00)	750.00	408.39	341.61
Miscellaneous Purchased Services	10,500.00	11,914.89	22,414.89	18,219.41	4,195.48
General Supplies	3,500.00	(1,300.00)	2,200.00	2,017.27	182.73
BOE In-House Training/Meeting Supplies	1,500.00	(500.00)	1,000.00	205.82	794.18
Judgements Against the School District	900.00	-	900.00	-	900.00
Miscellaneous Expenditures	3,500.00	-	3,500.00	3,449.00	51.00
BOE Membership Dues and Fees	5,000.00	1,188.39	6,188.39	4,114.50	2,073.89
Total Undist. Expend. - Support Services - Gen. Administration	234,108.00	21,078.04	255,186.04	240,773.99	14,412.05
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	65,509.00	(1,284.04)	64,224.96	64,224.24	0.72
Salaries of Secretarial and Clerical Assistants	23,180.00	-	23,180.00	22,834.92	345.08
Purchased Professional and Technical Services	3,000.00	(300.00)	2,700.00	2,235.00	465.00
Other Purchased Services	250.00	2,477.07	2,727.07	-	2,727.07

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Supplies and Materials	3,000.00	(600.00)	2,400.00	2,346.60	53.40
Other Objects	1,000.00	(1,000.00)	-	-	-
Total Undist. Expend. - Supp. Services - School Administration	95,939.00	(706.97)	95,232.03	91,640.76	3,591.27
Undist. Expend. - Support Services - Central Services:					
Salaries	116,770.00	743.59	117,513.59	117,513.59	-
Purchased Professional Services	1,500.00	-	1,500.00	650.00	850.00
Purchased Technical Services	19,500.00	(1,735.59)	17,764.41	15,492.00	2,272.41
Miscellaneous Purchased Services	1,000.00	16,215.00	17,215.00	710.46	16,504.54
Supplies and Materials	7,500.00	(1,997.16)	5,502.84	4,885.01	617.83
Miscellaneous Expenditures	625.00	(625.00)	-	-	-
Other Objects	-	625.00	625.00	415.00	210.00
Total Undist. Expend. - Support Services - Central Services	146,895.00	13,225.84	160,120.84	139,666.06	20,454.78
Undist. Expend. - Support Services - Admin Info Tech:					
Purchased Technical Services	-	992.00	992.00	992.00	-
Supplies and Materials	5,000.00	-	5,000.00	4,331.30	668.70
Total Undist. Expend. - Support Services - Admin Info Tech	5,000.00	992.00	5,992.00	5,323.30	668.70
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	130,000.00	27,000.00	157,000.00	81,981.91	75,018.09
General Supplies	5,000.00	-	5,000.00	3,046.15	1,953.85
Total Undist. Expend. - Required Maintenance for School Facilities	135,000.00	27,000.00	162,000.00	85,028.06	76,971.94
Undist. Expend. - Other Oper. & Maint. of Plant:					
Salaries	153,284.00	6,790.06	160,074.06	155,112.07	4,961.99
Salaries of Non-Instructional Aides	26,000.00	(1,357.17)	24,642.83	23,884.98	757.85
Purchased Professional and Technical Services	4,250.00	(2,132.90)	2,117.10	1,215.00	902.10

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Cleaning, Repair and Maintenance Services	11-000-262-420	25,000.00	(5,020.00)	19,980.00	19,809.60	170.40
Insurance	11-000-262-520	30,721.00	-	30,721.00	28,748.00	1,973.00
General Supplies	11-000-262-610	25,000.00	(6,300.00)	18,700.00	14,291.54	4,408.46
Energy (Natural Gas)	11-000-262-621	33,000.00	-	33,000.00	29,397.84	3,602.16
Energy (Electricity)	11-000-262-622	125,147.00	(33,655.00)	91,492.00	76,085.35	15,406.65
Total Undist. Expend. - Other Oper. & Maint. of Plant	422,402.00	(41,675.01)	380,726.99	348,544.38	32,182.61	-
Undist. Expend. - Care & Upkeep of Grounds	60,000.00	(28,325.00)	31,675.00	31,675.00	31,675.00	-
Cleaning, Repair, and Maintenance Services	11-000-263-420	2,000.00	(2,000.00)	-	-	-
General Supplies	11-000-263-610	62,000.00	(30,325.00)	31,675.00	31,675.00	-
Total Care & Upkeep of Grounds	619,402.00	(45,000.01)	574,401.99	465,247.44	109,154.55	-
Undist. Expend. - Student Transportation Services:						
Contracted Services (Other Than Bet. Home & School) - V	11-000-270-512	2,500.00	-	2,500.00	-	2,500.00
Contracted Services (Regular Students) - ESCs & CTSA	11-000-270-517	165,500.00	(20,465.42)	145,034.58	144,191.15	843.43
Contracted Services (Special Ed. Students) - ESCs & CTS	11-000-270-518	175,000.00	41,128.43	216,128.43	193,641.68	22,486.75
Total Undist. Expend. - Student Transportation Services	343,000.00	20,663.01	363,663.01	337,832.83	25,830.18	-
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	68,000.00	5,890.67	73,890.67	73,890.63	0.04
Other Retirement Contributions - Regular	11-000-291-241	63,000.00	(2,890.67)	60,109.33	56,847.51	3,261.82
Unemployment Compensation	11-000-291-250	1,200.00	(1,200.00)	-	-	-
Workmen's Compensation	11-000-291-260	37,750.00	(4,502.07)	33,247.93	33,247.93	-
Health Benefits	11-000-291-270	776,209.00	6,507.65	782,716.65	780,901.26	1,815.39
Tuition Reimbursement	11-000-291-280	8,000.00	13,846.00	21,846.00	16,884.74	4,961.26

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
11-000-291-290	10,000.00	(8,308.65)	1,691.35	1,691.35	-
Other Employee Benefits					
Total Unallocated Benefits - Employee Benefits	964,159.00	9,342.93	973,501.93	963,463.42	10,038.51
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	122,422.00	(122,422.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	194,344.00	(194,344.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	169,650.44	(169,650.44)
Total On-Behalf Contributions	-	-	-	486,416.44	(486,416.44)
Total Personal Services - Employee Benefits	964,159.00	9,342.93	973,501.93	1,449,879.86	(476,377.93)
Total Undistributed Expenditures	6,006,560.00	(24,921.84)	5,981,638.16	6,074,604.50	(92,966.34)
Total Expenditures - Current Expense	8,236,830.00	36,965.96	8,273,795.96	8,349,886.63	(76,090.67)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	15,000.00	9,250.00	24,250.00	12,125.00	12,125.00
Construction Services	111,500.00	(9,250.00)	102,250.00	70,025.00	32,225.00
Assessment for Debt Service on SDA Funding	29,396.00	-	29,396.00	29,396.00	-
Total Facilities Acquisition and Construction Services	155,896.00	-	155,896.00	111,546.00	44,350.00
Total Capital Outlay	155,896.00	-	155,896.00	111,546.00	44,350.00
Total Expenditures	8,392,726.00	36,965.96	8,429,691.96	8,461,432.63	(31,740.67)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(666,013.00)	(36,965.96)	(702,978.96)	(184,917.29)	518,061.67

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(666,013.00)	(36,965.96)	(702,978.96)	(184,917.29)
Fund Balances, July 1	1,264,573.26	-	1,264,573.26	-
Fund Balances, June 30	<u>\$ 598,560.26</u>	<u>\$ (36,965.96)</u>	<u>\$ 561,594.30</u>	<u>\$ 1,079,655.97</u>
	<u>1,264,573.26</u>	<u>1,264,573.26</u>	<u>1,264,573.26</u>	<u>518,061.67</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	<u>\$ 36,965.96</u>
Total	<u><u>\$ 36,965.96</u></u>

RECAPITULATION OF FUND BALANCE:

Restricted :	
Capital Reserve	\$ 175,000.00
Maintenance Reserve	280,592.46
Emergency Reserve	50,000.00
Tuition Reserve	100,000.00
Assigned:	
Year-End Encumbrances	148,381.51
Designated for Subsequent Year's Expenditures	75,682.00
Unassigned	<u>250,000.00</u>
	1,079,655.97
Reconciliation To Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(29,231.00)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,050,424.97</u></u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	JUNE 30, 2015		ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		BUDGET TRANSFERS	FINAL BUDGET		
Revenues:					
Local Sources	\$ -	\$ 17,580.00	\$ 17,580.00	\$ 7,493.95	\$ (10,086.05)
Federal Sources	\$ 116,975.00	\$ 12,368.84	\$ 129,343.84	\$ 126,330.26	\$ (3,013.58)
Total Revenues	\$ 116,975.00	\$ 29,948.84	\$ 146,923.84	\$ 133,824.21	\$ (13,099.63)
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 15,000.00	\$ (2,205.25)	\$ 12,794.75	\$ 10,342.75	\$ 2,452.00
Other Purchased Services	\$ 89,475.00	\$ 9,397.09	\$ 98,872.09	\$ 94,249.09	\$ 4,623.00
General Supplies	\$ -	\$ 4,019.50	\$ 4,019.50	\$ 2,231.42	\$ 1,788.08
Total Instruction	\$ 104,475.00	\$ 11,211.34	\$ 115,686.34	\$ 106,823.26	\$ 8,863.08
Support Services:					
Professional & Technical Services	\$ 12,500.00	\$ 470.50	\$ 12,970.50	\$ 18,820.00	\$ (5,849.50)
Supplies and Materials	\$ -	\$ 687.00	\$ 687.00	\$ 687.00	\$ -
Total Support Services	\$ 12,500.00	\$ 1,157.50	\$ 13,657.50	\$ 19,507.00	\$ (5,849.50)
Facilities Acquisition and Construction Services:					
Noninstructional Equipment	\$ -	\$ 17,580.00	\$ 17,580.00	\$ 7,493.95	\$ 10,086.05
Total Facilities Acquisition and Construction Services	\$ -	\$ 17,580.00	\$ 17,580.00	\$ 7,493.95	\$ 10,086.05
Total Expenditures	\$ 116,975.00	\$ 29,948.84	\$ 146,923.84	\$ 133,824.21	\$ 13,099.63
Total Outflows	\$ 116,975.00	\$ 29,948.84	\$ 146,923.84	\$ 133,824.21	\$ 13,099.63
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	GENERAL FUND	SPECIAL REVENUE FUND
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 8,276,515.34	\$ 133,824.21
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances	(148,381.51)	(5,874.13)
Add: Prior Year Encumbrances	36,965.96	3,161.38
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	28,277.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(29,231.00)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,164,145.79</u>	<u>\$ 131,111.46</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 8,461,432.63	\$ 133,824.21
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less: Current Year Encumbrances	(148,381.51)	(5,874.13)
Add: Prior Year Encumbrances	36,965.96	3,161.38
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,350,017.08</u>	<u>\$ 131,111.46</u>

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.00583%	0.00665%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 1,092,133	\$ 1,270,861	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 396,889	\$ 351,646	\$ 413,484	**N/A						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	275.17%	361.40%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 44,949	\$ 48,088	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contributions in relation to the contractually required contribution	44,949	48,088	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
Contribution deficiency (excess)	\$ -	\$ -	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A
District's covered-employee payroll	\$ 396,889	\$ 351,646	413,484	**N/A						
Contributions as a percentage of covered-employee payroll	11.33%	13.68%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's proportion of the net pension liability (asset)	0.02064%	0.02145%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 11,030,983	\$ 10,840,189	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 2,132,178	\$ 2,241,110	\$2,088,921	**N/A						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A	**N/A

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- PART III

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**SPRING LAKE HEIGHTS BOARD OF EDUCATION
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Teachers Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NO CHILD LEFT BEHIND					TOTALS
	I.D.E.A. - PART B					
	BASIC	PRESCHOOL	TITLE I PART A	TITLE II PART A	LOCAL PROJECTS	
Revenues:						
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 12,150.71	\$ 12,150.71
Federal Sources	90,564.00	928.00	15,425.00	14,756.50	-	121,673.50
Total Revenues	\$ 90,564.00	\$ 928.00	\$ 15,425.00	\$ 14,756.50	\$ 12,150.71	\$ 133,824.21
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -	\$ -	\$ 7,848.00	\$ -	\$ 2,494.75	\$ 10,342.75
Other Purchased Services	90,564.00	928.00	1,227.00	-	1,530.09	94,249.09
General Supplies	-	-	-	1,599.50	631.92	2,231.42
Total Instruction	90,564.00	928.00	9,075.00	1,599.50	4,656.76	106,823.26
Support Services:						
Professional & Technical Services	-	-	5,850.00	12,970.00	-	18,820.00
Supplies and Materials	-	-	500.00	187.00	-	687.00
Total Support Services	-	-	6,350.00	13,157.00	-	19,507.00
Facilities Acquisition and Construction Services:						
Noninstructional Equipment	-	-	-	-	7,493.95	7,493.95
Total Facilities Acquisition and Construction Services	-	-	-	-	7,493.95	7,493.95
Total Expenditures	\$ 90,564.00	\$ 928.00	\$ 15,425.00	\$ 14,756.50	\$ 12,150.71	\$ 133,824.21

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**F. Capital Projects Fund
(Not Applicable)**

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G. Proprietary Funds

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Enterprise Funds
(See Exhibits B-4, B-5 and B-6)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUNDS	TOTALS
ASSETS			
Cash and Cash Equivalents	\$ 9,804.15	\$ 23,407.81	\$ 33,211.96
Total Assets	<u>\$ 9,804.15</u>	<u>\$ 23,407.81</u>	<u>\$ 33,211.96</u>
LIABILITIES			
Liabilities:			
Payable To Student Groups	\$ -	\$ 20,622.25	\$ 20,622.25
Payroll Deductions and Withholdings	-	28.67	28.67
Interfund Payable	-	2,756.89	2,756.89
Total Liabilities	<u>-</u>	<u>23,407.81</u>	<u>23,407.81</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>9,804.15</u>	<u>-</u>	<u>9,804.15</u>
Total Net Position	<u>9,804.15</u>	<u>-</u>	<u>9,804.15</u>
Total Liabilities and Net Position	<u>\$ 9,804.15</u>	<u>\$ 23,407.81</u>	<u>\$ 33,211.96</u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

ADDITIONS	UNEMPLOYMENT COMPENSATION TRUST
Contributions:	
Plan Member	\$ 11,459.85
Total Contributions	<u>11,459.85</u>
Investment Earnings:	
Interest	<u>13.85</u>
Net Investment Earnings	<u>13.85</u>
Total Additions	<u>11,473.70</u>
Deductions:	
Unemployment Claims	<u>21,506.73</u>
Total Deductions	<u>21,506.73</u>
Change in Net Position	(10,033.03)
Net Position - Beginning of Year	<u>19,837.18</u>
Net Position - End of Year	<u><u>\$ 9,804.15</u></u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
Spring Lake Heights Activities Account	\$ 24,225.41	\$ 28,437.64	\$ 32,040.80	\$ 20,622.25
Total Assets	\$ 24,225.41	\$ 28,437.64	\$ 32,040.80	\$ 20,622.25

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
ASSETS				
Cash	\$ 8,494.20	\$ 4,829,473.51	\$ 4,835,182.15	\$ 2,785.56
Total Assets	<u>\$ 8,494.20</u>	<u>\$ 4,829,473.51</u>	<u>\$ 4,835,182.15</u>	<u>\$ 2,785.56</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 8,494.20	\$ 1,528,903.57	\$ 1,537,369.10	\$ 28.67
Due to General Fund	-	3,300,569.94	3,297,813.05	2,756.89
Total Liabilities	<u>\$ 8,494.20</u>	<u>\$ 4,829,473.51</u>	<u>\$ 4,835,182.15</u>	<u>\$ 2,785.56</u>

I. Long-Term Debt

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2014	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2015
			DATE	AMOUNT				
Refunding Bonds - 2010	12/01/10	\$ 4,065,000.00	02/15/16	\$ 385,000.00	4.000%	\$ 3,285,000.00	\$ 375,000.00	\$ 2,910,000.00
			02/15/17	400,000.00	4.000%			
			02/15/18	415,000.00	4.000%			
			02/15/19	435,000.00	4.000%			
			02/15/20	430,000.00	4.000%			
			02/15/21	425,000.00	4.000%			
			02/15/22	420,000.00	4.000%			
						\$ 3,995,000.00	\$ 375,000.00	\$ 2,910,000.00

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	JUNE 30, 2015			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 502,648.00	\$ -	\$ 502,648.00	\$ 502,650.00
Total Revenues	502,648.00	-	502,648.00	502,650.00
Expenditures:				
Regular Debt Service:				
Interest on Bonds	127,650.00	-	127,650.00	-
Redemption of Principal	375,000.00	-	375,000.00	-
Total Regular Debt Service	502,650.00	-	502,650.00	-
Total Expenditures	502,650.00	-	502,650.00	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2.00)	-	(2.00)	2.00
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures	(2.00)	-	(2.00)	2.00
Fund Balance, July 1	1.33	-	1.33	-
Fund Balance, June 30	\$ (0.67)	\$ -	\$ (0.67)	\$ 1.33
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Budgeted Fund Balance	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION (Unaudited)

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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.

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government Activities:										
Net Investment in Capital Assets	\$ 3,037,688.86	\$ 2,984,357.68	\$ 2,942,253.63	\$ 3,157,173.55	\$ 3,170,353.51	\$ 3,083,920.70	\$ 2,962,519.95	\$ 3,103,397.37	\$ 3,308,795.57	\$ 2,488,583.52
Restricted	533,707.74	479,226.08	793,116.90	835,390.05	714,907.12	958,515.22	922,915.22	1,149,350.77	846,891.20	605,593.79
Unrestricted	20,276.79	125,747.00	128,993.34	(35,267.99)	261,215.16	184,353.66	189,523.23	206,510.83	304,844.89	200,805.51
Total Government Activities Net Position	\$ 3,591,673.39	\$ 3,589,330.76	\$ 3,864,363.87	\$ 3,957,295.61	\$ 4,146,475.79	\$ 4,226,789.58	\$ 4,074,958.40	\$ 4,459,258.97	\$ 4,460,531.66	\$ 3,294,982.82
Business-Type Activities:										
Net Investment in Capital Assets	\$ -	\$ 3,636.00	\$ 3,232.00	\$ 2,828.00	\$ 2,424.00	\$ 2,020.00	\$ 13,297.00	\$ 12,223.00	\$ 11,149.00	\$ 9,853.00
Unrestricted	10,742.73	3,005.19	5,476.98	4,009.17	31,662.48	46,195.49	45,965.75	42,404.82	25,994.01	24,560.42
Total Business-Type Activities Net Position	\$ 10,742.73	\$ 6,641.19	\$ 8,708.98	\$ 6,837.17	\$ 34,086.48	\$ 48,215.49	\$ 59,262.75	\$ 54,627.82	\$ 37,143.01	\$ 34,413.42
District-wide:										
Net Investment in Capital Assets	\$ 3,037,688.86	\$ 2,987,993.68	\$ 2,945,485.63	\$ 3,172,777.51	\$ 3,085,940.70	\$ 2,975,816.95	\$ 3,115,620.37	\$ 3,319,944.57	\$ 3,319,944.57	\$ 2,498,436.52
Restricted	533,707.74	479,226.08	793,116.90	714,907.12	958,515.22	922,915.22	1,149,350.77	846,891.20	846,891.20	605,593.79
Unrestricted	31,019.52	128,752.19	134,470.32	292,877.64	230,549.15	235,488.98	248,915.65	330,838.90	330,838.90	225,365.93
Total District Net Position	\$ 3,602,416.12	\$ 3,595,971.95	\$ 3,873,072.85	\$ 4,180,562.27	\$ 4,275,005.07	\$ 4,134,221.15	\$ 4,513,886.79	\$ 4,497,674.67	\$ 4,497,674.67	\$ 3,329,396.24

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCURAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (1,980,090.99)	\$ (2,239,290.02)	\$ (2,273,590.44)	\$ (2,213,509.81)	\$ (2,275,211.38)	\$ (2,138,534.19)	\$ (2,302,403.00)	\$ (1,707,050.67)	\$ (1,707,910.51)	\$ (1,731,008.54)
Special Education	(610,892.22)	(470,517.93)	(419,083.65)	(472,516.18)	(489,732.83)	(452,553.28)	(526,251.93)	(414,625.80)	(453,712.70)	(500,951.80)
Other Special Education	(67,370.59)	(144,423.98)	(93,933.78)	(84,973.72)	(47,897.15)	(46,929.70)	(65,063.27)	(47,028.00)	(88,363.60)	(76,948.74)
Other Instruction	(56,872.31)	(52,009.99)	(54,419.52)	(58,842.14)	(56,949.99)	(59,594.15)	(61,585.39)	(68,814.36)	(70,659.60)	(67,322.18)
Support Services:										
Tuition	(2,003,567.04)	(2,183,282.78)	(2,435,559.52)	(2,549,444.51)	(2,724,365.71)	(2,524,419.11)	(2,457,414.96)	(2,203,241.03)	(2,502,813.81)	(2,716,989.62)
Student and Instruction Related Services	(715,195.67)	(686,405.81)	(713,340.11)	(784,374.72)	(737,525.38)	(716,967.28)	(833,114.49)	(699,606.86)	(723,304.51)	(649,919.02)
School Administrative Services	(96,150.60)	(97,129.33)	(125,145.63)	(118,418.01)	(121,336.78)	(121,397.95)	(222,626.38)	(238,303.09)	(246,556.16)	(240,773.99)
General Administration	(557,228.02)	(363,583.43)	(294,461.08)	(295,481.60)	(322,986.01)	(253,358.77)	(138,644.31)	(104,927.66)	(92,494.06)	(91,640.76)
Central Services	-	(171,500.81)	(157,401.35)	(125,962.27)	(134,449.18)	(151,958.65)	(155,414.20)	(143,549.07)	(142,863.82)	(139,666.06)
Administrative Information Technology	-	(10,405.29)	(6,250.04)	(6,175.10)	(7,177.00)	(4,396.80)	(7,402.96)	(6,974.62)	-	(5,323.30)
Plant Operations and Maintenance	(375,633.64)	(412,169.44)	(456,172.07)	(458,838.70)	(424,677.96)	(453,017.07)	(511,733.47)	(407,559.98)	(416,088.16)	(383,097.44)
Pupil Transportation	(217,500.71)	(255,840.28)	(269,679.59)	(248,850.80)	(274,010.61)	(264,298.20)	(246,497.66)	(1,279,096.01)	(363,549.97)	(337,832.83)
Employee Benefits	-	-	-	-	-	-	-	-	(1,263,774.57)	(1,906,516.86)
Non-instructional Equipment	(273,201.85)	(265,022.67)	(247,608.02)	(239,549.35)	(221,070.78)	(135,201.90)	(159,634.82)	(145,267.98)	(138,347.06)	(127,308.55)
Interest on Long-Term Debt	(257,255.03)	(258,518.79)	(248,410.00)	(248,410.00)	(251,086.00)	(483,397.49)	(259,193.75)	(260,935.76)	(283,075.71)	(292,365.34)
Unallocated Depreciation	(7,210,961.67)	(7,610,100.55)	(7,797,054.80)	(7,905,346.91)	(8,090,496.76)	(7,806,362.54)	(7,946,980.59)	(8,051,011.76)	(8,518,514.24)	(9,279,815.74)
Total Governmental Activities Expenses	(96,499.47)	(121,503.07)	(110,664.29)	(111,269.97)	(79,862.20)	(84,505.68)	(97,437.16)	(103,950.63)	(125,120.56)	(109,496.52)
Business-Type Activities:										
Food Service	(96,499.47)	(121,503.07)	(110,664.29)	(111,269.97)	(79,862.20)	(84,505.68)	(97,437.16)	(103,950.63)	(125,120.56)	(109,496.52)
Total Business-Type Activities Expenses	\$ (7,307,461.14)	\$ (7,731,603.62)	\$ (7,907,719.09)	\$ (8,016,616.88)	\$ (8,170,358.96)	\$ (7,890,868.22)	\$ (8,044,417.75)	\$ (8,154,962.39)	\$ (8,643,634.80)	\$ (9,389,312.26)
Total District Expenses	\$ (7,307,461.14)	\$ (7,731,603.62)	\$ (7,907,719.09)	\$ (8,016,616.88)	\$ (8,170,358.96)	\$ (7,890,868.22)	\$ (8,044,417.75)	\$ (8,154,962.39)	\$ (8,643,634.80)	\$ (9,389,312.26)
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 78,956.00	\$ 78,956.00	\$ 78,956.00	\$ 87,965.00	\$ 96,840.00	\$ 1,491.18	\$ 4,866.20	\$ 159,808.40	\$ 183,093.73	\$ 1,124,905.66
Charges for Services	-	-	15,800.00	28,700.00	34,250.00	37,175.00	53,200.00	84,374.44	76,325.52	90,930.00
Total Governmental Activities Program Revenues	78,956.00	78,956.00	94,756.00	116,665.00	131,090.00	38,666.18	58,066.20	244,182.84	259,419.25	1,215,835.66
Business-Type Activities:										
Charges for Services:										
Food Service	84,170.99	97,819.54	85,912.53	86,835.73	81,725.64	73,898.03	74,775.43	70,947.14	76,456.86	76,955.13
Operating Grants and Contributions	13,247.24	19,581.99	26,491.58	22,562.43	25,385.87	24,736.66	29,429.61	28,368.56	31,178.89	29,811.80
Total Business-Type Activities Program Revenues	97,418.23	117,401.53	112,404.11	109,398.16	107,111.51	98,634.69	104,205.04	99,315.70	107,635.75	106,766.93
Total District Program Revenues	\$ 176,374.23	\$ 196,357.53	\$ 207,160.11	\$ 226,063.16	\$ 238,201.51	\$ 137,300.87	\$ 162,271.24	\$ 343,498.54	\$ 367,055.00	\$ 1,322,602.59

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCURAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue:										
Governmental Activities	(7,132,005.67)	(7,531,144.55)	(7,702,298.80)	(7,788,681.91)	(7,959,406.76)	(7,767,696.36)	(7,888,914.39)	(7,806,828.92)	(8,259,094.99)	(8,063,980.08)
Business-Type Activities	918.76	(4,101.54)	1,739.82	(1,871.81)	27,249.31	14,129.01	6,767.88	(4,634.93)	(17,484.81)	(2,729.59)
Total District-wide Net (Expense)/Revenue	\$ (7,131,086.91)	\$ (7,535,246.09)	\$ (7,700,558.98)	\$ (7,790,553.72)	\$ (7,932,157.45)	\$ (7,753,567.35)	\$ (7,882,146.51)	\$ (7,811,463.85)	\$ (8,276,579.80)	\$ (8,066,709.67)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	5,622,564.00	5,856,354.00	6,237,957.00	6,484,514.00	6,643,895.00	6,922,829.00	6,908,282.00	6,955,365.00	7,024,919.32	7,356,900.96
Taxes Levied for Debt Service	547,244.00	546,678.00	545,363.00	548,627.00	546,231.00	238,054.00	337,541.00	406,409.00	524,506.00	502,650.00
Unrestricted Grants and Contributions	904,904.97	1,091,056.77	1,266,181.69	815,722.99	941,204.16	606,506.41	770,558.45	764,680.51	713,664.30	298,686.00
Investment Earnings	20,860.18	1,742.66	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12	-	-
Loss on Disposal of Assets	-	-	(106,664.26)	-	-	-	(28,211.68)	-	-	-
Transfer	-	-	(327.97)	-	-	-	-	-	-	-
Miscellaneous Income	15,770.06	32,970.49	20,120.51	15,252.19	11,518.95	78,308.32	66,723.64	64,611.86	54,137.39	11,054.94
Total Governmental Activities	7,111,343.21	7,528,801.92	7,977,331.91	7,881,613.65	8,148,586.94	7,848,010.15	8,055,501.17	8,191,129.49	8,317,227.01	8,169,291.90
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	-	-	2,296.38	-	-	-
Transfers	-	-	327.97	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	327.97	-	-	-	2,296.38	-	-	-
Total District-wide	\$ 7,111,343.21	\$ 7,528,801.92	\$ 7,977,659.88	\$ 7,881,613.65	\$ 8,148,586.94	\$ 7,848,010.15	\$ 8,057,797.55	\$ 8,191,129.49	\$ 8,317,227.01	\$ 8,169,291.90
Changes in Net Position:										
Governmental Activities	(20,662.46)	(2,342.63)	275,033.11	92,931.74	189,180.18	80,313.79	166,586.78	384,300.57	58,132.02	105,311.82
Business-Type Activities	918.76	(4,101.54)	2,067.79	(1,871.81)	27,249.31	14,129.01	9,064.26	(4,634.93)	(17,484.81)	(2,729.59)
Total District	\$ (19,743.70)	\$ (6,444.17)	\$ 277,100.90	\$ 91,059.93	\$ 216,429.49	\$ 94,442.80	\$ 175,651.04	\$ 379,665.64	\$ 40,647.21	\$ 102,582.23

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	FISCAL YEAR ENDING JUNE 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 3,933.28	\$ 1.00	\$ 97,001.00	\$ 39,484.67	\$ 64,592.12	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	86,056.58	125,745.88	262,049.01	287,598.57	345,825.00	-	-	-	-	-
Restricted	-	-	-	-	-	572,616.39	802,564.88	1,064,990.94	846,889.87	605,592.46
Assigned	-	-	-	-	-	74,540.20	1,491.21	84,358.18	154,070.11	224,063.51
Unassigned	-	-	-	-	-	243,280.18	230,544.20	238,827.20	235,336.28	220,769.00
Total General Fund	\$ 89,989.86	\$ 125,746.88	\$ 359,050.01	\$ 327,083.24	\$ 410,417.12	\$ 890,436.77	\$ 1,034,600.29	\$ 1,388,176.32	\$ 1,236,296.26	\$ 1,050,424.97

All Other Governmental Funds:

Reserved	\$ 84,565.42	\$ -	\$ 1,750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	-	-	(352.05)	-	-	-	-	-	-	-
Capital Projects Fund	445,209.04	479,225.08	654,717.72	654,717.72	650,314.72	-	-	-	-	-
Debt Service Fund	0.43	1.12	0.23	(1.34)	(0.45)	-	-	-	-	-
Restricted for:										
Capital Projects Fund	-	-	-	-	-	305,549.72	113,049.72	-	-	-
Debt Service Fund	-	-	-	-	-	5,808.91	5,809.41	1.65	1.33	1.33

Total All Other Governmental Funds

	\$ 529,774.89	\$ 479,226.20	\$ 656,115.90	\$ 654,716.38	\$ 650,314.27	\$ -	\$ 118,859.13	\$ 1.65	\$ 1.33	\$ 1.33
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SPRING LAKE HEIGHTS SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	FISCAL YEAR ENDING JUNE 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 6,169,808.00	\$ 6,403,032.00	\$ 6,783,320.00	\$ 7,033,141.00	\$ 7,190,126.00	\$ 7,160,883.00	\$ 7,245,823.00	\$ 7,361,774.00	\$ 7,549,425.32	\$ 7,859,550.96
Tuition Charges	-	300.00	-	28,700.00	34,250.00	37,175.00	53,200.00	70,516.69	76,325.52	90,930.00
Transportation Fees	-	-	-	-	-	-	-	13,857.75	-	-
Interest Earnings	20,860.18	1,742.66	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12	-	-
Miscellaneous	15,769.06	32,670.48	34,620.51	15,252.19	11,518.97	78,308.32	66,723.64	64,611.86	79,137.39	23,205.65
State Sources	808,288.24	1,005,428.80	1,194,381.28	759,211.59	788,410.56	475,096.08	610,776.90	787,914.71	736,495.30	816,675.44
Federal Sources	175,572.73	1,645,583.97	1,506,622.43	144,476.40	249,633.60	132,901.51	164,647.75	136,574.20	135,262.73	123,617.51
Total Revenues	7,190,298.21	7,607,757.91	8,177,686.16	7,998,278.65	8,279,676.96	7,886,676.33	8,141,779.05	8,435,312.33	8,576,646.26	8,913,979.56
Expenditures:										
Instruction:										
Regular	1,655,848.48	1,574,992.73	1,597,350.45	1,625,413.91	1,645,378.89	1,534,400.76	1,690,381.58	1,707,050.67	1,707,910.51	1,731,008.54
Special	302,548.75	331,195.76	282,497.26	342,849.00	358,616.38	349,717.46	386,020.20	414,625.80	453,712.70	500,951.80
Other Special Instruction	55,950.16	84,052.85	59,927.40	54,714.93	38,063.72	25,747.48	45,539.70	47,028.00	88,363.60	76,948.74
Other Instruction	53,533.76	48,856.45	51,228.76	55,613.75	53,516.94	55,030.15	57,382.82	68,814.36	70,659.60	67,322.18
Support Services and Undistributed Costs:										
Tuition	2,003,567.04	2,183,282.78	2,435,559.52	2,549,444.51	2,724,365.71	2,528,300.59	2,457,414.96	2,203,241.03	2,502,813.81	2,716,989.62
Student and Instruction Related Services	591,762.83	551,020.40	559,921.36	647,654.40	585,085.01	582,099.34	648,670.20	699,606.86	723,304.51	649,919.02
General Administration	281,091.76	249,471.94	194,807.28	198,461.77	227,867.08	208,591.80	202,277.14	238,303.09	246,556.16	240,773.99
School Administrative Services	67,362.91	67,680.16	91,442.07	90,690.65	91,065.21	92,860.50	92,107.71	104,927.66	92,494.06	91,640.76
Central Services	161,293.06	171,500.81	157,401.35	125,962.27	134,449.18	151,958.65	155,414.20	143,549.07	142,863.82	139,666.06
Admin. Information Technology	7,745.15	10,405.29	6,250.04	6,175.10	7,177.00	4,396.80	7,402.96	6,974.62	-	5,323.30
Plant Operations and Maintenance	308,083.24	340,100.25	385,557.66	382,167.69	357,862.58	361,134.19	417,168.72	379,812.98	441,728.16	465,247.44
Pupil Transportation	217,500.71	255,840.28	269,679.59	248,850.80	274,010.61	264,298.20	246,497.66	324,030.87	363,549.97	337,832.83
Business and Other Support Services	985,925.91	1,156,923.20	1,214,084.23	1,063,441.14	1,105,242.89	967,128.24	1,093,989.50	1,288,716.01	1,263,294.57	1,449,879.86
Employee Benefits	-	-	-	-	-	-	-	-	-	-
Non-instructional Equipment	450,672.42	50,549.38	13,094.50	91,576.45	51,813.88	77,703.52	159,807.18	48,647.00	25,000.00	12,150.71
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	269,622.17	280,236.87	290,875.71	306,552.43	317,239.56	387,979.53	363,757.76	150,670.28	139,031.18	127,650.00
Interest and Other Charges	277,622.05	266,440.44	254,488.18	242,076.14	228,990.55	154,265.11	166,282.74	374,595.48	385,475.14	375,000.00
Total Expenditures	7,690,130.40	7,622,549.59	7,864,165.36	8,031,644.94	8,200,745.19	7,745,612.32	8,190,115.03	8,200,593.78	8,728,526.64	9,099,850.85
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(14,791.68)	313,520.80	(33,366.29)	78,931.77	141,064.01	(48,335.98)	234,718.55	234,718.55	(151,880.38)	(185,871.29)
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)	-	-	97,000.00	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	344,765.00	192,500.00	113,112.84	-	-
Transfers Out	-	-	(327.97)	-	-	(344,765.00)	(192,500.00)	(113,112.84)	-	-
Total Other Financing Sources/(Uses)	-	-	96,672.03	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ (14,791.68)	\$ 313,520.80	\$ 63,305.74	\$ 78,931.77	\$ 141,064.01	\$ (48,335.98)	\$ 234,718.55	\$ 234,718.55	\$ (151,880.38)	\$ (185,871.29)
Debt Service as a Percentage of Noncapital Expenditures	7.56%	7.22%	6.95%	6.91%	6.70%	7.07%	6.60%	6.44%	6.07%	5.59%

Source: District records

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	PRIOR YEAR CHECKS VOID	MISCELLANEOUS	TUITION - PARENTS PAY	TUITION - FROM STATE	TRANSPORTATION FEES FROM STATE	PRIOR YEAR REFUND	FACILITIES USED	ANNUAL TOTALS
2006	\$ 20,860.18	\$ -	\$ 15,769.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,629.24
2007	30,115.35	-	2,555.13	300.00	-	-	-	-	32,970.48
2008	17,194.81	-	1,625.70	15,800.00	-	-	-	-	34,620.51
2009	4,383.87	-	15,252.19	28,700.00	-	-	5,238.03	4,480.00	58,054.09
2010	2,847.37	-	1,190.95	34,250.00	-	-	2,338.02	7,990.00	48,616.34
2011	946.72	-	27,606.69	37,175.00	-	-	3,350.36	46,285.00	115,363.77
2012	-	1,327.35	4,565.50	53,200.00	-	-	2,477.64	57,745.00	119,315.49
2013	-	-	12,270.14	55,300.00	15,216.69	13,857.75	6,471.72	45,870.00	148,986.30
2014	-	-	79,137.39	76,325.52	-	-	-	-	155,462.91
2015	-	-	23,205.65	90,930.00	-	-	-	-	114,135.65

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

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENTS	TOTAL ASSESSED VALUE	LESS: TAX-EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2006	\$ 6,849,700.00	\$ 599,031,500.00	-	-	\$ 74,479,800.00	-	\$ 39,908,200.00	\$ 720,269,200.00	\$ 19,825,200.00	\$ 312,406.00	\$ 700,756,406.00	\$ 1,060,478,882.00	0.89
2007	4,561,900.00	607,776,300.00	-	-	73,971,900.00	-	39,908,200.00	726,218,300.00	19,825,200.00	290,081.00	706,683,181.00	1,167,923,735.00	0.93
2008	9,799,200.00	968,851,300.00	-	-	118,763,100.00	-	60,761,600.00	1,158,175,200.00	33,800,800.00	483,818.00	1,124,858,218.00	1,213,261,339.00	0.61
2009	R 11,046,100.00	970,106,000.00	-	-	118,767,800.00	-	60,761,600.00	1,160,681,300.00	33,800,800.00	690,614.00	1,127,571,314.00	1,163,385,035.00	0.62
2010	11,158,800.00	970,250,200.00	-	-	120,253,500.00	-	59,932,400.00	1,161,594,900.00	34,486,100.00	629,356.00	1,127,738,156.00	1,168,961,044.00	0.62
2011	11,103,300.00	971,462,300.00	-	-	117,145,800.00	-	56,464,800.00	1,156,176,200.00	34,035,000.00	533,001.00	1,122,674,201.00	1,154,855,929.00	0.63
2012	9,767,100.00	974,515,900.00	-	-	118,172,800.00	-	56,464,800.00	1,158,920,600.00	34,022,800.00	534,336.00	1,125,432,136.00	1,115,197,521.00	0.64
2013	8,645,200.00	975,855,000.00	-	-	117,816,300.00	-	53,520,200.00	1,155,836,700.00	34,353,700.00	-	1,121,483,000.00	1,072,816,145.00	0.65
2014	8,493,500.00	967,057,950.00	-	-	116,326,200.00	-	53,520,200.00	1,145,397,850.00	34,353,700.00	-	1,111,044,150.00	1,093,057,540.00	0.69
2015	8,086,700.00	967,785,900.00	-	-	118,218,400.00	-	57,345,000.00	1,151,436,000.00	36,416,400.00	-	1,115,019,600.00	1,122,573,816.00	0.71

Source: Municipal Tax Assessor

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

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 b Tax rates are per \$100
 N/A At the time of CAFR Completion, this data was not yet available

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

(From J-6)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	SPRING LAKE HEIGHTS BOROUGH	MONMOUTH COUNTY		
2006	0.81	0.08	0.89	0.41	0.44		1.74
2007	N/A	N/A	0.93	0.45	0.43		1.81
2008	0.56	0.05	0.61	0.30	0.27		1.18
2009	0.57	0.05	0.62	0.32	0.26		1.20
2010	0.57	0.05	0.62	0.32	0.27		1.21
2011	0.61	0.02	0.63	0.32	0.28		1.23
2012	0.60	0.04	0.64	0.35	0.28		1.26
2013	0.62	0.04	0.65	0.35	0.28		1.28
2014	0.60	0.05	0.65	0.36	0.30		1.31
2015	N/A	N/A	0.71	N/A	N/A		1.34

Source: Municipal Tax Assessor

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
 b Rates for debt service are based on each year's requirements.
 N/A At the time of CAFR Completion, this data was not yet available

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2015			2006		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
SPRING LAKE GOLF CLUB	\$ 27,476,900.00	1	2.37%	15,937,600.00	1	2.21%
ROYAL COURT, L.L.C.	12,500,000.00	2	1.08%	9,007,500.00	2	1.25%
SPRING LAKE ARBORS INC	8,372,700.00	3	0.72%	7,367,100.00	3	1.00%
T & G REALTY,LLC / THE MILL	8,127,300.00	4	0.70%	5,991,500.00	4	0.83%
SPRING LAKE GARDENS ASSOC LL	8,100,000.00	5	0.70%	5,952,900.00	5	0.83%
HOMESTEAD GARDENS, LLC	7,775,000.00	6	0.67%	5,901,400.00	6	0.82%
TRIANGLE S L H CTR. C/O MARK PR	6,799,800.00	7	0.59%	5,713,400.00	7	0.79%
MANOR AT SPRING LAKE, LLC	6,650,000.00	8	0.57%	4,810,900.00	8	0.67%
REGENCY HOLDINGS COMPANY	6,560,000.00	9	0.57%	4,726,600.00	9	0.66%
GOLF VU INC	6,500,000.00	10	0.56%	4,350,300.00	10	0.60%
Total	\$ 98,861,700.00		8.53%	\$ 69,759,200.00		9.66%

Source: Municipal Tax Assessor

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
		-		
2006	6,169,808.00	6,169,808.00	100.00%	-
2007	6,403,032.00	6,403,032.00	100.00%	-
2008	6,783,320.00	6,783,320.00	100.00%	-
2009	7,033,141.00	7,033,141.00	100.00%	-
2010	7,190,126.00	7,190,126.00	100.00%	-
2011	7,160,883.00	7,160,883.00	100.00%	-
2012	7,245,823.00	7,245,823.00	100.00%	-
2013	7,361,774.00	7,361,774.00	100.00%	-
2014	7,549,425.32	7,549,425.32	100.00%	-
2015	8,189,193.00	8,189,193.00	100.00%	-

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

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

Debt Capacity Information

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.

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES				TOTAL DISTRICT	PERCENTAGE OF PERSONAL <u>INCOME</u>	PER <u>CAPITA</u>
	GENERAL OBLIGATION BONDS	CERTIFICATES OF <u>PARTICIPATION</u>	CAPITAL LEASES	BOND ANTICIPATION NOTES (<u>BANs</u>)			
2006	\$ 5,944,712.00	\$ -	-	\$ 5,944,712.00	0.02	1,155.66	
2007	5,664,476.00	-	-	5,664,476.00	0.02	1,087.44	
2008	5,373,599.88	97,000.00	-	5,470,599.88	0.02	1,059.78	
2009	5,067,047.45	78,400.00	-	5,145,447.45	0.02	1,003.21	
2010	4,749,807.89	60,200.00	-	4,810,007.89	0.02	937.62	
2011	4,408,828.36	41,000.00	-	4,449,828.36	0.02	865.39	
2012	4,045,070.60	20,900.00	-	4,065,970.60	0.02	862.90	
2013	3,670,475.12	-	-	3,670,475.12	N/A	779.46	
2014	3,285,000.00	-	-	3,285,000.00	N/A	700.43	
2015	2,910,000.00	-	-	2,910,000.00	N/A	620.73	

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

- a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
 - b Includes Early Retirement Incentive Plan ("ERIP") refunding
- N/A At the time of CAFR Completion, this data was not yet available

SPRING LAKE HEIGHTS SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2006	\$ 6,214,335.00		\$ 6,214,335.00	0.87	1,208.07
2007	5,944,712.00		5,944,712.00	0.82	1,141.24
2008	5,664,476.00		5,664,476.00	0.78	1,097.34
2009	5,373,599.88		5,373,599.88	0.46	1,047.69
2010	5,067,047.45		5,067,047.45	0.44	987.73
2011	4,749,807.89		4,749,807.89	0.41	923.73
2012	4,408,828.36		4,408,828.36	0.38	935.66
2013	4,045,070.60		4,045,070.60	0.35	859.01
2014	3,670,475.12		3,670,475.12	0.33	782.62
2015	2,910,000.00		2,910,000.00	0.71	623.93

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

- a See Exhibit NJ J-6 for property tax data.
- b Population data can be found in Exhibit NJ J-14.

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Spring Lake Heights Borough	\$ 2,090,098.54	100%	\$ 2,090,098.54
Monmouth County General Obligation Debt	428,759,489.85	1%	4,287,594.90
Subtotal, Overlapping Debt			6,377,693.44
Spring Lake Heights District Direct Debt			2,910,000.00
Total Direct and Overlapping Debt			\$ 9,287,693.44

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Spring Lake Heights. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	FISCAL YEAR ENDING JUNE 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 46,242,869.00	\$ 31,152,562.83	\$ 34,416,640.00	\$ 35,447,701.00	\$ 35,458,074.22	\$ 34,897,100.80	\$ 33,413,312.48	\$32,854,327.00	\$ 32,920,395.44	\$ 33,390,868.68
Total Net Debt Applicable To Limit	5,944,712.00	5,664,476.00	5,470,600.00	5,145,447.00	4,810,008.00	3,285,000.00	3,285,000.00	3,285,000.00	3,285,000.00	2,910,000.00
Legal Debt Margin	\$ 40,298,157.00	\$ 25,488,086.83	\$ 28,946,040.00	\$ 30,302,254.00	\$ 30,648,066.22	\$ 31,612,100.80	\$ 30,128,312.48	\$29,569,327.00	\$ 29,635,395.44	\$ 30,480,868.68
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.86	18.18	15.90	14.52	13.57	9.41	9.83	10.00	9.98	8.71

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis	
2015	\$ 1,120,618,978.00
2014	\$ 1,117,461,317.00
2013	1,101,006,573.00
(A)	<u>3,339,086,868.00</u>
(A/3)	1,113,028,956.00
Average Equalized Valuation of Taxable Property	
Debt Limit (3% of Average Equalization Value)	33,390,868.68
Total Net Debt Applicable To Limit	<u>2,910,000.00</u>
Legal Debt Margin	<u>\$ 30,480,868.68</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

Demographic and Economic 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.

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>YEAR</u>	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2006	5,209	\$ 263,679,580.00	\$ 50,620.00	0.03
2007	5,162	282,996,326.00	54,823.00	0.03
2008	5,129	300,061,887.00	58,503.00	0.04
2009	5,130	303,772,950.00	59,215.00	N/A
2010	5,142	292,914,030.00	56,965.00	0.06
2011	4,712	270,407,544.00	57,387.00	0.06
2012	4,709	281,951,375.00	59,875.00	0.07
2013	4,690	290,765,930.00	61,997.00	0.07
2014	4,688	294,879,888.00	62,901.00	0.07
2015	4,664	N/A	N/A	0.05

Source:

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

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

c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

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

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.

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	27.0	27.0	25.0	25.0	24.0	23.0	23.0	23.0	24.0	24.0
Special Education	6.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student and Instruction Related Services	4.8	4.0	4.0	4.0	4.0	8.5	8.5	8.5	8.5	8.5
General Administration	4.0	3.0	3.0	3.0	3.0	1.5	1.5	1.5	1.5	1.5
School Administrative Services	0.5	2.5	2.5	2.5	2.5	1.0	1.0	1.0	1.0	1.0
Other Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	2.5	2.5	2.5	2.5	2.0	1.5	1.5	1.5	1.5	1.5
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	0.5	0.5	3.5	3.5	3.5	3.5
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	51.80	51.00	49.00	49.00	49.00	48.00	51.00	51.00	52.00	52.00

Source: District Personnel Records

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2006	376.00	\$ 6,354,980.00	\$ 16,901.54	13.14%	34.00	11.06	376.70	356.10	2.00%	94.53%
2007	354.00	6,769,247.00	19,122.17	-0.86%	34.80	10.17	252.00	252.00	-33.10%	100.00%
2008	349.00	6,616,566.00	18,958.64	8.28%	32.80	10.64	334.70	319.30	32.82%	95.40%
2009	338.00	6,938,895.00	20,529.28	3.40%	32.80	10.30	334.90	320.00	0.06%	95.55%
2010	332.00	7,047,338.00	21,226.92	-10.15%	34.00	9.76	334.30	320.50	-0.18%	95.87%
2011	350.00	6,675,042.00	19,071.55	2.14%	32.00	10.94	348.20	333.60	4.16%	95.81%
2012	359.00	6,992,870.00	19,478.75	-3.82%	32.00	11.22	358.90	345.00	3.07%	96.13%
2013	375.00	7,025,831.00	18,735.55	-4.00%	31.00	12.10	364.30	347.60	1.50%	95.42%
2014	345.00	8,122,251.47	23,542.76	25.66%	32.00	10.78	347.63	332.74	2.00%	95.72%
2015	341.00	8,238,340.63	24,159.36	2.62%	32.00	10.66	341.00	324.81	-1.91%	95.25%

Source: District records

Note: Enrollment based on annual October District count.

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

b Teaching staff includes only full-time equivalents of certificated staff.

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

DISTRICT/BUILDINGS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary:										
<u>Spring Lake Heights School (1937)</u>										
Square Feet	59,851	59,851	59,851	59,851	59,854	59,854	59,851	60,579	60,579	60,579
Capacity (Students)	468	468	468	468	468	468	468	468	468	468
Enrollment	376	354	349	338	332	350	359	375	345	341

Number of Schools at June 30, 2015
Elementary & Middle School = 1

Source: District Facilities Office

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

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

		SPRING LAKE HEIGHTS SCHOOL	TOTAL
	PROJECT #(s)		
2006	N/A	\$ 18,266.00	\$ 18,266.00
2007	N/A	40,110.06	40,110.06
2008	N/A	21,289.92	21,289.92
2009	N/A	24,270.35	24,270.35
2010	N/A	21,150.07	21,150.07
2011	N/A	31,418.41	31,418.41
2012	N/A	57,557.45	57,557.45
2013	N/A	22,955.82	22,955.82
2014	N/A	74,437.19	74,437.19
2015	N/A	85,028.06	85,028.06
Total School Facilities		<u>\$ 396,483.33</u>	<u>\$ 396,483.33</u>

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

Source: District records

SPRING LAKE HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents/Property	\$ 250,000,000.00	\$ 1,000.00
General and Automobile Liability	5,000,000.00	
Crime - Employee Dishonesty	500,000.00	1,000.00
Boiler and Machinery	100,000,000.00	1,000.00
Excess Liability (Umbrella)	5,000,000.00	
Errors & Omissions	1,000,000.00	
Workers' Compensation (2)	2,000,000.00	
Student Accident Insurance (3)	1,000,000.00	
Surety Bonds (4):		
Board Secretary/Business Administrator	175,000.00	
(1) School Alliance Insurance Fund		
(2) Monmouth-Ocean Shared Services Insurance Fund		
(3) Bollinger/Monumental Life Insurance Co.		
(4) Selective Insurance Company of America		

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Heights School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Spring Lake Heights School District's basic financial statements, and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Spring Lake Heights 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 Spring Lake Heights School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spring Lake Heights 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spring Lake Heights 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 18, 2015



EXHIBIT K-2

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.

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

Report on Compliance for Each Major State Program

We have audited the Spring Lake Heights School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2015. The Spring Lake Heights 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 state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Spring Lake Heights 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Spring Lake Heights 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 Spring Lake Heights School District's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, the Spring Lake Heights 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 year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Spring Lake Heights 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 Spring Lake Heights 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 New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Spring Lake Heights 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 18, 2015

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/ PROGRAM TITLE	GRANT OR PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	JUNE 30, 2014		CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	JUNE 30, 2015		MEMO	
			DEFERRED REVENUES/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	DEFERRED REVENUES	DUE TO GRANTOR	BUDGETARY RECEIVABLE
State Department of Education												
General Fund:												
Special Education Aid	15-495-034-5120-089	\$ 281,977.00	\$ -	\$ -	\$ -	\$ 281,977.00	\$ (281,977.00)	\$ -	\$ -	\$ -	\$ (25,623.28)	\$ 281,977.00
Transportation Aid	15-495-034-5120-014	22,033.00	-	-	-	22,033.00	(22,033.00)	-	-	-	(2,002.14)	22,033.00
Security Aid	15-495-034-5120-084	8,129.00	-	-	-	8,129.00	(8,129.00)	-	-	-	(738.68)	8,129.00
PARCC Readiness Aid	15-495-034-5120-098	4,770.00	-	-	-	4,770.00	(4,770.00)	-	-	-	(433.45)	4,770.00
Per Pupil Growth Aid	15-495-034-5120-097	4,770.00	-	-	-	4,770.00	(4,770.00)	-	-	-	(433.45)	4,770.00
Extraordinary Special Education Aid	15-100-034-5120-473	9,325.00	-	-	-	141.00	(9,325.00)	(9,184.00)	-	-	-	9,325.00
Extraordinary Special Education Aid	14-100-034-5120-473	13,472.00	(13,472.00)	-	-	13,472.00	-	-	-	-	-	-
Reimbursement of Nonpublic	15103190	209.00	-	-	-	-	(209.00)	-	-	-	-	209.00
Reimbursement of Nonpublic	14103190	798.00	(798.00)	-	-	798.00	-	-	-	-	-	-
On-Behalf TPAF Pension	15-495-034-5095-006	114,205.00	-	-	-	114,205.00	(114,205.00)	-	-	-	-	114,205.00
On-Behalf TPAF Pension System	15-495-034-5095-007	8,217.00	-	-	-	8,217.00	(8,217.00)	-	-	-	-	8,217.00
Contribution - NCGI	15-495-034-5095-001	194,344.00	-	-	-	194,344.00	(194,344.00)	-	-	-	-	194,344.00
Contribution - Post Retirement	15-495-034-5095-002	169,650.44	-	-	-	169,650.44	(169,650.44)	-	-	-	-	169,650.44
Reimbursed TPAF Social Security Contributions			(14,270.00)	-	-	822,506.44	(817,629.44)	(9,393.00)	-	-	(29,231.00)	817,629.44
Total General Fund												
Enterprise Fund:												
State School Lunch Program	14-100-010-3350-023	1,026.15	(185.16)	-	-	185.16	(906.61)	-	-	-	-	-
State School Lunch Program	15-100-010-3350-023	906.61	-	-	-	819.22	(906.61)	-	-	-	-	906.61
Total Enterprise Fund			(185.16)	-	-	1,004.38	(906.61)	(87.39)	-	-	-	906.61
Total State Financial Assistance			\$ (14,455.16)	\$ -	\$ -	\$ 823,510.82	\$ (818,536.05)	\$ -	\$ -	\$ -	\$ (29,231.00)	\$ 818,536.05

On-Behalf TPAF Pension Contributions 114,205.00
 On-Behalf TPAF Pension Contributions - NCGI 8,217.00
 On-Behalf TPAF Post-Retirement 194,344.00
 Total State Financial Assistance Reported on Single Audit Summary (501,770.05)

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
June 30, 2015**

Note 1. General

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Spring Lake Heights School District. The District is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Board's 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 last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(954.00) for the General Fund and \$0.00 for the Special Revenue Fund. See the Notes to Required Supplementary Information (Exhibit C-3) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO SCHEDULE OF STATE FINANCIAL ASSISTANCE
June 30, 2015**

Note 3. Relationship to Basic Financial Statements (continued):

	<u>State</u>
General Fund	\$ 816,675.44
Food Service Fund	<u>906.61</u>
Total Financial Assistance	<u>\$ 817,582.05</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2015.

Note 6. State Loans Outstanding

The Spring Lake Heights School District had no loan balances outstanding at June 30, 2015.

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
15-495-034-5120-089	Special Education Categorical Aid
15-495-034-5120-084	Categorical Security Aid

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMET
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

No Prior Year Findings