

BOROUGH OF LAUREL SPRINGS
SCHOOL DISTRICT
LAUREL SPRINGS, NEW JERSEY



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
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INTRODUCTORY SECTION



LAUREL SPRINGS SCHOOL DISTRICT

623 Grand Avenue and Stone Road

Laurel Springs, New Jersey 08021

(856) 783-1086

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

October 26, 2016

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

Dear Members of the Board;

The Comprehensive Annual Financial Report (CAFR) of the Laurel Springs School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures rests with the management of the Board of Education (Board.) To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of New Jersey Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on compliance and internal control over financial reporting and administrative findings – financial, compliance and performance is included in the single audit section of this report.

EDUCATION: "A Family Affair"

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

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten (PK) through grade six (6). These include regular education and special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of one hundred and ninety-nine (199) students, representing a slight change from the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DAILY ENROLLMENT

FISCAL YEAR	STUDENT ENROLLMENT	INCREASE (DECREASE)	PERCENT CHANGE
2015-2016	199	6	3.11%
2014-2015	193	2	1.05%
2013-2014	191	7	3.80%
2012-2013	184	(4)	(2.12%)
2011-2012	188	21	12.6%

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

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

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

Population census information indicates that Laurel Springs has experienced a decrease in population with the current population being 1,908, down from 1,970 as per the 2000 census, thus reflecting a 3.1% decrease. The school enrollment has fluctuated periodically, however, has remained basically stable for the past dozen or so years with only minor changes from year to year.

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as reappropriations of fund balance in the subsequent year. There were encumbrances totaling \$8,919.05 reported as a assignment of fund balance at June 30, 2016.

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

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

7. **DEBT ADMINISTRATION:** At June 30, 2016, the District’s outstanding debt issues included \$2,180,000.00 of general obligation bonds.

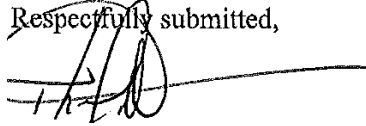
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements,” Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

10. **OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition to meeting the requirements set forth in state statues, the audit also was designed to meet the requirements of the Single Audit Act and the related Uniform Guidance and State of New Jersey Circular 15-08 OMB. The auditor’s report on the entity-wide financial statements and combing and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of the report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Laurel Springs Board of Education for the concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

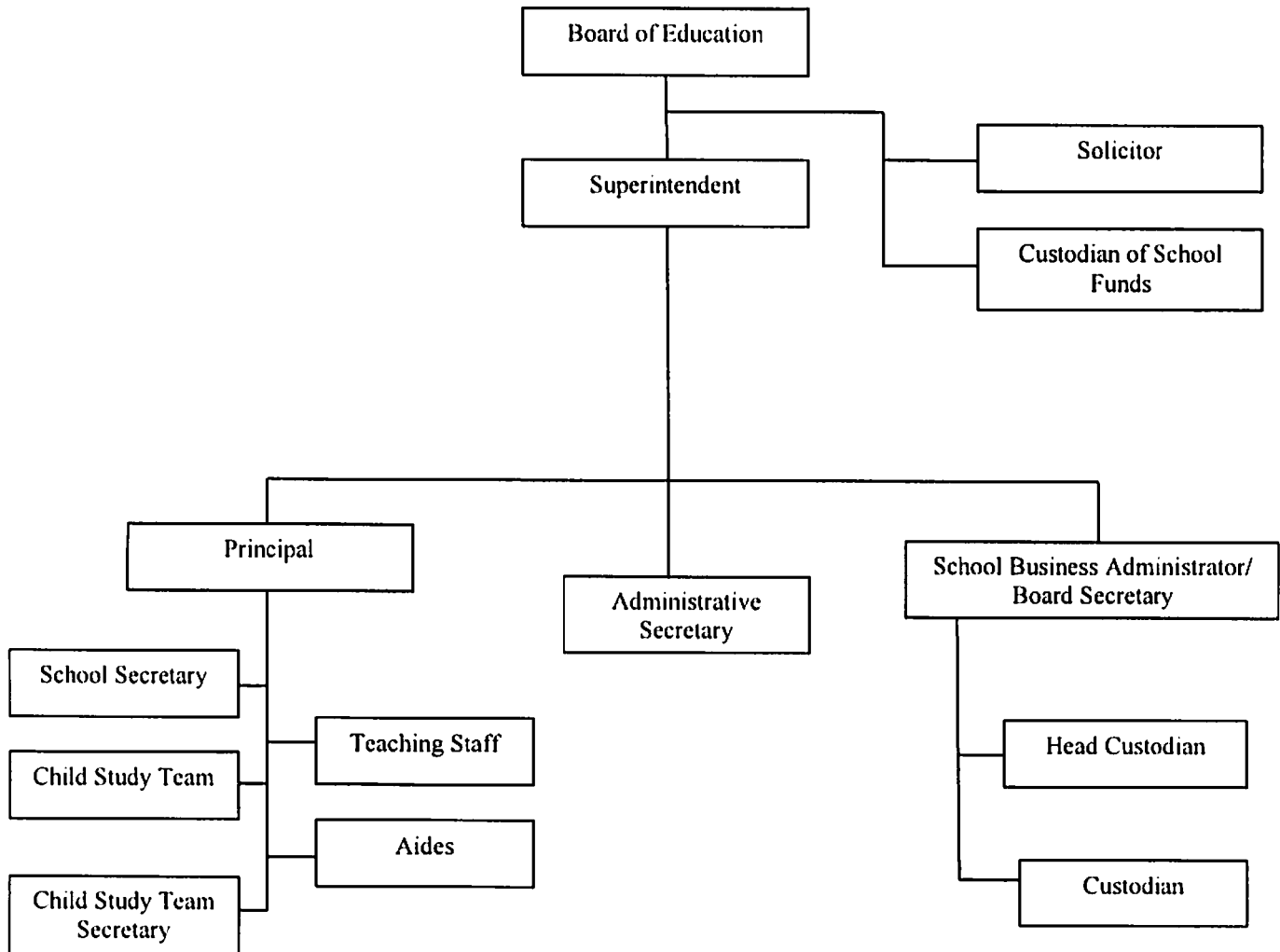
A handwritten signature in black ink, appearing to read 'T. Attanasi', with a long horizontal line extending to the right.

Mr. Thomas F. Attanasi
Superintendent

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

William H. Thompson
Board Secretary/Business Administrator

1110 ORGANIZATIONAL CHART



Adopted: 17 September 2014



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

Term Expires

Doris Walsh, President	2018
Michael Brown, Vice President	2017
Steve Troilo	2018
Carol Bobby	2018
Leah Straub	2016
Elizabeth Hobbs	2016
Monica Korn	2016
Maria Bliem	2017
Howard Miller	2017

Other Officials

Thomas Attanasi, Superintendent
William H. Thompson, Board Secretary/Business Administrator
Leonard J Wood, Esq. Solicitor

**BOROUGH OF LAUREL SPRINGS
BOARD OF EDUCATION**

Consultants and Advisors

Audit Firm

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

Attorney

**Leonard J. Wood, Esquire
1250 Chews Landing Road
Laurel Springs, NJ 08021**

Broker of Record

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

Official Depository

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey (the "School District"), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Laurel Springs School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements; related major fund supporting statements and schedules; and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements; related major fund supporting statements and schedules; and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016 on our consideration of the Borough of Laurel Springs School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Laurel Springs School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
October 28, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey (the "School District"), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Laurel Springs School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as finding no. 2016-001.

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

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
October 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of the Borough of Laurel Springs Public School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights:

Key financial highlights for 2016 are as follows:

- In total, net position increased by \$103,126.84.
- General revenues account for \$5,781,208.44 in revenue or ninety-six percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$205,308.58 or four percent of total revenues of \$5,982,110.02.
- The School District had \$5,873,483.14 in expenses; only \$205,308.58 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues of \$5,781,208.44 plus anticipated fund balance were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$5,280,489.44 in revenues and \$5,128,402.71 in expenditures. The General Fund's balance increased \$152,086.73 from 2015. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

The School District as a Whole

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Table 1 provides a summary of the School District's Net Position for 2016 and 2015.

**Table 1
Net Position**

The District's combined net position was \$591,851.28 on June 30, 2016. This was an increase of 21.10 percent from the prior year.

Total assets decreased \$17,071.97. An increase in current and other assets of \$143,047.94 was due mainly to an overall increase in receivables.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Current and Other Assets	\$ 524,450.85	\$ 381,402.91
Capital Assets	<u>2,554,006.12</u>	<u>2,714,126.03</u>
 Total Assets	 <u>3,078,456.97</u>	 <u>3,095,528.94</u>
Deferred Outflows of Resources		
Deferred Loss on Refunding of Debt	96,547.02	
Related to Pensions	<u>45,719.00</u>	<u>19,484.00</u>
	<u>142,266.02</u>	<u>19,484.00</u>
Liabilities		
Long-term Liabilities	2,314,203.62	2,383,190.59
Other Liabilities	<u>220,514.09</u>	<u>209,198.91</u>
 Total Liabilities	 <u>2,534,717.71</u>	 <u>2,592,389.50</u>
Deferred Inflows of Resources		
Related to Pensions	<u>94,154.00</u>	<u>33,899.00</u>
Net Position		
Net Investment in Capital Assets	470,553.14	537,126.03
Restricted	1,086.16	1.51
Unrestricted	<u>120,211.98</u>	<u>(48,403.10)</u>
 Total Net Position	 <u><u>\$ 591,851.28</u></u>	 <u><u>\$ 488,724.44</u></u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Table 2 shows changes in Net Position for fiscal year 2016 compared to the fiscal year 2015.

**Table 2
Changes in Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 13,917.65	\$ 12,684.93
Operating Grants and Contributions	233,367.14	282,023.91
General Revenues:		
Property Taxes	3,110,355.00	2,794,981.00
Grants and Entitlements	2,615,255.40	2,184,883.68
Other	<u>55,598.04</u>	<u>11,862.90</u>
Total Revenues	<u>6,028,493.23</u>	<u>5,286,436.42</u>
Program Expenses		
Instruction	1,380,866.66	1,365,058.45
Support Services:		
Pupils and Instructional Staff	2,805,706.03	2,542,311.59
General Administration and School Administration	268,057.82	233,530.09
Business Operations and Maintenance of Facilities	229,359.25	238,405.31
Pupil Transportation	97,895.30	77,672.83
Unallocated Benefits	1,017,820.36	680,741.34
Interest on Debt	73,777.72	92,496.47
Food Service	<u>51,883.25</u>	<u>41,922.90</u>
Total Expenses	<u>5,925,366.39</u>	<u>5,272,138.98</u>
Increase in Net Position	<u>\$ 103,126.84</u>	<u>\$ 14,297.44</u>

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

General revenues include property taxes, grants and entitlements, and other revenues, with property taxes being the predominant source of revenue for the District. There was a \$315,374.00 increase in property taxes due primarily to an increase in the general fund tax levy. There was an increase of \$430,371.72 in grants and entitlements due primarily to an increase in on-behalf payments made by the State for TPAF.

Total expenses increased by \$641,267.06 due to various general increases in Support Services – Pupils & Instructional Staff and pension expense recorded in Unallocated Benefits.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Activities

Property taxes made up 51.96 percent of revenues for governmental activities for the Borough of Laurel Springs Public School District for fiscal year 2016. The District's total revenues were \$5,986,517.02 for the fiscal year ended June 30, 2016. Federal, State, and local grants accounted for another 37.68 percent of revenue.

The total cost of all programs and services was \$5,873,483.44. Instruction comprises 23.51 percent of District expenses.

Business-Type Activities

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

- Food service expenses exceeded revenues by \$9,907.04.
- Charges for services represent \$13,917.65 of revenue. This represents amounts paid by patrons for daily food service.
- Federal and State requirements for meals including payments for free and reduced lunches and breakfast was \$28,058.56.

Governmental Activities

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Table 3

	<u>Total Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2016</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 1,380,866.66	\$ 1,365,058.45	\$ 1,274,657.66	\$ 1,270,287.31
Support Services:				
Pupils and Instructional Staff	2,805,706.03	2,542,311.59	2,791,872.23	2,529,830.65
General Administration, School Administration, Business Operation and Maintenance of Facilities	497,417.07	1,245,173.21	497,417.07	1,099,275.77
Pupil Transportation	<u>97,895.30</u>	<u>77,672.83</u>	<u>97,895.30</u>	<u>77,672.83</u>
Total Expenses	<u>\$ 4,781,885.06</u>	<u>\$ 5,230,216.08</u>	<u>\$ 4,661,842.26</u>	<u>\$ 4,977,066.56</u>

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

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

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,622,665.02 and expenditures were \$5,500,946.62. The net change in fund balance for the year was most significant in the General Fund, an increase of \$152,086.73.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

General Fund Budgeting Highlights

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

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

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

Capital Assets

At the end of the fiscal year 2016, the School District had \$2,554,006.12 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

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

	<u>2016</u>	<u>2015</u>
Land	\$ 6,100.00	\$ 6,100.00
Buildings and Improvements	2,547,906.12	2,707,494.53
Furniture, Fixtures and Equipment		531.50
Total	<u>\$ 2,554,006.12</u>	<u>\$ 2,714,126.03</u>

Overall capital assets decreased \$160,119.91 from fiscal year 2015 to fiscal year 2016 as a result of depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$2,180,000.00 for outstanding debt.

For the Future

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact William H. Thompson, School Business Administrator/Board Secretary, at Laurel Springs Public School District, 623 Grand Avenue and Stone Road, Laurel Springs, NJ 08021.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 3,301.78	\$ 7,980.51	\$ 11,282.29
Intergovernmental Receivables	507,613.07	1,938.10	509,551.17
Interfunds Receivable	1,418.55		1,418.55
Internal Balances	54,900.26	(54,900.26)	
Restricted Assets:			
Restricted Cash and Cash Equivalents	1,086.16		1,086.16
Capital Reserve Account - Cash	1,112.68		1,112.68
Capital Assets, net (Note 5)	<u>2,554,006.12</u>		<u>2,554,006.12</u>
Total Assets	<u>3,123,438.62</u>	<u>(44,981.65)</u>	<u>3,078,456.97</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding of Debt Related to Pensions (Note 8)	96,547.02		96,547.02
	<u>45,719.00</u>		<u>45,719.00</u>
Total Deferred Outflow of Resources	<u>142,266.02</u>	<u>-</u>	<u>142,266.02</u>
LIABILITIES:			
Accounts Payable:			
Related to Pensions	11,908.00		11,908.00
Other	15,323.62		15,323.62
Accrued Interest Payable	19,194.61		19,194.61
Unearned Revenue	24,087.86		24,087.86
Noncurrent Liabilities (Note 6):			
Due within One Year	150,000.00		150,000.00
Due beyond One Year	<u>2,314,203.62</u>		<u>2,314,203.62</u>
Total Liabilities	<u>2,534,717.71</u>	<u>-</u>	<u>2,534,717.71</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	94,154.00	-	94,154.00
	<u>94,154.00</u>	<u>-</u>	<u>94,154.00</u>
NET POSITION:			
Net Investment in Capital Assets	470,553.14		470,553.14
Restricted for:			
Debt Service	1,086.16		1,086.16
Unrestricted (Deficit)	<u>165,193.63</u>	<u>(44,981.65)</u>	<u>120,211.98</u>
Total Net Position	<u>\$ 636,832.93</u>	<u>\$ (44,981.65)</u>	<u>\$ 591,851.28</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,106,767.40		\$ 106,209.00	\$ (1,000,558.40)		\$ (1,000,558.40)
Special Education	245,362.94			(245,362.94)		(245,362.94)
Other Special Instruction	21,811.58			(21,811.58)		(21,811.58)
Co-Curricular / Extra-Curricular Instruction	700.00			(700.00)		(700.00)
Community Services Programs / Operations	6,224.74			(6,224.74)		(6,224.74)
Support Services:						
Tuition	2,451,836.60			(2,451,836.60)		(2,451,836.60)
Student and Instruction Related Services	353,869.43		13,833.80	(340,035.63)		(340,035.63)
General Administrative Services	128,996.27			(128,996.27)		(128,996.27)
School Administrative Services	72,766.91			(72,766.91)		(72,766.91)
Central Services	66,294.64			(66,294.64)		(66,294.64)
Plant Operations and Maintenance	229,359.25			(229,359.25)		(229,359.25)
Pupil Transportation	97,895.30			(97,895.30)		(97,895.30)
Unallocated Benefits	1,017,820.36		12,250.78	(1,005,569.58)		(1,005,569.58)
Interest on Debt	73,777.72		73,015.00	(762.72)		(762.72)
Total Governmental Activities	5,873,483.14	\$ -	205,308.58	(5,668,174.56)	\$ -	(5,668,174.56)
Business-Type Activities:						
Food Service	51,883.25	13,917.65	28,058.56		(9,907.04)	(9,907.04)
Total Business-Type Activities	51,883.25	13,917.65	28,058.56	-	(9,907.04)	(9,907.04)
Total Primary Government	\$ 5,925,366.39	\$ 13,917.65	\$ 233,367.14	(5,668,174.56)	(9,907.04)	(5,678,081.60)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				2,969,081.00		2,969,081.00
Taxes Levied for Debt Service				141,274.00		141,274.00
Federal and State Aid Not Restricted				2,615,255.40		2,615,255.40
Miscellaneous Income				55,598.04		55,598.04
Total General Revenues				5,781,208.44	-	5,781,208.44
Change in Net Position				113,033.88	(9,907.04)	103,126.84
Net Position (Deficit) -- July 1				523,799.05	(35,074.61)	488,724.44
Net Position (Deficit) -- June 30				\$ 636,832.93	\$ (44,981.65)	\$ 591,851.28

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

FUND FINANCIAL STATEMENTS

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,301.78			\$ 1,086.16	\$ 4,387.94
Capital Reserve Account	1,112.68				1,112.68
Intergovernmental Accounts Receivable:					
Federal		\$ 155,651.00			155,651.00
State	64,250.08				64,250.08
Local	287,711.99				287,711.99
Interfund Receivable	175,641.65				175,641.65
Total Assets	\$ 532,018.18	\$ 155,651.00	\$ -	\$ 1,086.16	\$ 688,755.34
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 3,083.32	\$ 12,240.30			\$ 15,323.62
Interfund Payable		119,322.84			119,322.84
Unearned Revenue		24,087.86			24,087.86
Total Liabilities	3,083.32	155,651.00	\$ -	\$ -	158,734.32
Fund Balances:					
Restricted:					
Capital Reserve Account	1,112.68				1,112.68
Debt Service				1,086.16	1,086.16
Excess Surplus - Designated for Subsequent Year's Expenditures	105,928.45				105,928.45
Excess Surplus (2015-16)	180,237.13				180,237.13
Assigned:					
Encumbrances	8,919.05				8,919.05
Designated for Subsequent Year's Expenditure	110,570.55				110,570.55
Unassigned:					
General Fund	122,167.00				122,167.00
Total Fund Balances	528,934.86	-	-	1,086.16	530,021.02
Total Liabilities and Fund Balances	\$ 532,018.18	\$ 155,651.00	\$ -	\$ 1,086.16	688,755.34

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,819,285.29 and the accumulated depreciation is \$1,265,279.17.	2,554,006.12
Net Pension Liability	(257,606.00)
Accounts payable related to the April 1, 2017 required PERS pension contribution that is not to be liquidated with current financial resources	(11,908.00)
Deferred Outflows of Resources - Related to Pensions	45,719.00
Deferred Loss on Refunding of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.	96,547.02
Deferred Inflows of Resources - Related to Pensions	(94,154.00)

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2016

	Total Governmental <u>Funds</u>
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because (Cont'd):	
Accrued interest on bonds payable, is not due and payable in the current period and therefore is not reported as a liability in the funds.	\$ (19,194.61)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,206,597.62)</u>
Net Position of governmental activities	<u>\$ 636,832.93</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 2,969,081.00			\$ 141,274.00	\$ 3,110,355.00
Unrestricted Miscellaneous Revenues	55,598.04				55,598.04
State Sources	2,255,810.40			73,015.00	2,328,825.40
Federal Sources		\$ 132,293.58			132,293.58
Total Revenues	5,280,489.44	132,293.58	\$ -	214,289.00	5,627,072.02
EXPENDITURES:					
Current:					
Regular Instruction	880,468.47	106,209.00			986,677.47
Special Education Instruction	237,356.94				237,356.94
Other Special Instruction	21,811.58				21,811.58
Co-Curricular / Extra-Curricular Instruction	700.00				700.00
Community Services Programs / Operations	6,224.74				6,224.74
Support Services and Undistributed Costs:					
Tuition	2,451,836.60				2,451,836.60
Student and Instruction Related Services	324,023.65	13,833.80			337,857.45
General Administrative Services	120,990.27				120,990.27
School Administrative Services	38,394.72			30,369.19	68,763.91
Central Services	62,291.64				62,291.64
Plant Operations and Maintenance	229,359.25				229,359.25
Pupil Transportation	97,895.30				97,895.30
Unallocated Benefits	657,049.55	12,250.78			669,300.33
Debt Service:					
Principal				125,000.00	125,000.00
Interest and Other Charges				89,288.14	89,288.14
Total Expenditures	5,128,402.71	132,293.58	-	244,657.33	5,505,353.62
Excess (Deficiency) of Revenues Over (Under) Expenditures	152,086.73	-	-	(30,368.33)	121,718.40
OTHER FINANCING SOURCES (USES):					
Proceeds from Refunding Bonds				1,930,000.00	1,930,000.00
Payment to Refunded Bond Escrow Agent				(1,898,547.02)	(1,898,547.02)
Total Other Financing Sources (Uses)	-	-	-	31,452.98	31,452.98
Net Change in Fund Balances	152,086.73	-	-	1,084.65	153,171.38
Fund Balance -- July 1	376,848.13	-	-	1.51	376,849.64
Fund Balance -- June 30	\$ 528,934.86	\$ -	\$ -	\$ 1,086.16	\$ 530,021.02

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ 153,171.38
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation Expense	(160,119.91)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items</p>	
	93,547.02
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>	
	15,510.42
<p>Governmental funds report school district pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the school district's pension contribution in the current period.</p>	
	12,206.00
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>(1,281.03)</u>
Change in Net Position of Governmental Activities	<u>\$ 113,033.88</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 7,980.51
Accounts Receivable:	
State	41.13
Federal	1,896.97
	9,918.61
Total Current Assets	9,918.61
Noncurrent Assets:	
Furniture, Fixtures and Equipment	8,792.04
Less Accumulated Depreciation	(8,792.04)
	-
Total Noncurrent Assets	-
Total Assets	9,918.61
LIABILITIES:	
Current Liabilities:	
Interfund Payable	54,900.26
	54,900.26
Total Current Liabilities	54,900.26
NET POSITION:	
Net Investment in Capital Assets	-
Unrestricted Net Position (Deficit)	(44,981.65)
	(44,981.65)
Total Net Position (Deficit)	\$ (44,981.65)

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 13,917.65
Total Operating Revenues	<u>13,917.65</u>
OPERATING EXPENSES:	
Salaries	5,162.40
Meals Purchased by Agreement with Other LEA	<u>46,720.85</u>
Total Operating Expenses	<u>51,883.25</u>
Operating Income (Loss)	<u>(37,965.60)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	602.35
Federal Sources:	
National School Lunch Program	<u>27,456.21</u>
	<u>28,058.56</u>
Change in Net Position	(9,907.04)
Total Net Position (Deficit) -- July 1	<u>(35,074.61)</u>
Total Net Position (Deficit) -- June 30	<u>\$ (44,981.65)</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 13,917.65
Payments to Suppliers	<u>(46,720.85)</u>
Net Cash Used for Operating Activities	<u>(32,803.20)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	659.17
Federal Sources	<u>19,110.59</u>
Net Cash Provided by Non-Capital Financing Activities	<u>19,769.76</u>
Net Increase in Cash and Cash Equivalents	(13,033.44)
Balances -- July 1	<u>21,013.95</u>
Balances -- June 30	<u>\$ 7,980.51</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (37,965.60)
Adjustments to Reconcile Operating Loss to Net Cash	
Increase in Interfund Payable	<u>5,162.40</u>
Total Adjustments	<u>5,162.40</u>
Net Cash Used for Operating Activities	<u>\$ (32,803.20)</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 1,551.19	\$ 19,974.01	\$ 21,355.29	\$ 42,880.49
Total Assets	<u>1,551.19</u>	<u>19,974.01</u>	<u>21,355.29</u>	<u>42,880.49</u>
LIABILITIES:				
Payable to Student Groups		19,974.01		19,974.01
Payroll Deductions and Withholdings			19,936.74	19,936.74
Due General Fund			1,418.55	1,418.55
Total Liabilities	<u>-</u>	<u>\$ 19,974.01</u>	<u>\$ 21,355.29</u>	<u>41,329.30</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>1,551.19</u>			<u>1,551.19</u>
Total Net Position	<u>\$ 1,551.19</u>			<u>\$ 1,551.19</u>

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2016

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

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Kindergarten through Sixth at its school. The School District has an approximate enrollment at June 30, 2016 of 199.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Government-wide and Fund Financial Statements**

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Camden County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

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

The School District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

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

The School District reports the following major proprietary funds:

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

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

Tuition Receivable

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

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

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt – The loss on refunding arising from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amounts earned by these employees were disbursed to the employees' own individual accounts.

Compensated Absences

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

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 fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Bond Discounts / Premiums

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

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

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

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

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

In addition, the School District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Lastly, the School District adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2016, all of the School District's bank balances totaling \$329,155.60 were insured by either FDIC or GUDPA Insurance.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$10,000.00 in October, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

There was no activity of the capital reserve account. The \$1,112.68 balance in the account as of June 30, 2016 is not in excess of the School District's LRFP balance.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs and the current fiscal year guarantee of federal funds.

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	
Federal Awards		\$ 155,651.00	\$ 155,651.00	\$ 1,896.97	\$ 157,547.97
State Awards	\$ 64,250.08		64,250.08	41.13	64,291.21
Local	287,711.99		287,711.99		287,711.99
	<u>\$ 351,962.07</u>	<u>\$ 155,651.00</u>	<u>\$ 507,613.07</u>	<u>\$ 1,938.10</u>	<u>\$ 509,551.17</u>

Note 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u> <u>and Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 6,100.00	\$ -	\$ -	\$ 6,100.00
Capital Assets, being Depreciated:				
Buildings and Improvements	3,692,264.29			3,692,264.29
Furniture, Fixtures and Equipment	120,921.00			120,921.00
Total Capital Assets, being Depreciated	3,813,185.29	-	-	3,813,185.29
Total Capital Assets, Cost	3,819,285.29	-	-	3,819,285.29
Less Accumulated Depreciation for:				
Buildings and Improvements	(984,769.76)	(159,588.41)		(1,144,358.17)
Furniture, Fixtures and Equipment	(120,389.50)	(531.50)		(120,921.00)
Total Accumulated Depreciation	(1,105,159.26)	(160,119.91)	-	(1,265,279.17)
Total Capital Assets, being Depreciated, Net	2,708,026.03	(160,119.91)	-	2,547,906.12
Governmental Activities Capital Assets, Net	<u>\$ 2,714,126.03</u>	<u>\$ (160,119.91)</u>	<u>\$ -</u>	<u>\$ 2,554,006.12</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 8,792.04			\$ 8,792.04
Less Accumulated Depreciation	(8,792.04)			(8,792.04)
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental Activities:	
Regular Instruction	\$ 120,089.93
Special Education Instruction	8,006.00
Student and Instruction Related Services	16,011.98
General, School and Business Administrative Services	16,012.00
Total Depreciation Expense - Governmental Activities	<u>\$ 160,119.91</u>
Business-Type Activities:	
Food Service	<u>\$ -</u>

Note 6: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 2,177,000.00	\$ 1,930,000.00	\$ 1,927,000.00	\$ 2,180,000.00	\$ 150,000.00
Other Liabilities:					
Compensated Absences	25,316.59	1,281.03		26,597.62	
Net Pension Liability (note 8)	305,874.00	65,370.00	113,638.00	257,606.00	
Total Other Liabilities	331,190.59	66,651.03	113,638.00	284,203.62	-
Governmental Activity Long-Term Liabilities	<u>\$ 2,508,190.59</u>	<u>\$ 1,996,651.03</u>	<u>\$ 2,040,638.00</u>	<u>\$ 2,464,203.62</u>	<u>\$ 150,000.00</u>

The bonds payable are generally liquidated by the debt service fund, while the compensated absences and net pension liability are liquidated by the general fund.

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

On August 15, 2007, the School District issued \$2,927,000.00 general obligation bonds at interest rates varying from 4.125% to 4.250% for construction and renovation projects. The final maturity of these bonds was August 15, 2027 prior to refunding. Subsequent to refunding, the final maturity is August 15, 2017. The bonds will be paid from property taxes.

On February 16, 2016, the School District issued \$1,930,000.00 general obligation refunding bonds at an interest rate of 2.110% for the purpose of refunding \$1,802,000.00 of its 2007 general obligation bonds. The final maturity of these bonds is August 15, 2027. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 150,000.00	\$ 48,080.51	\$ 198,080.51
2018	150,000.00	42,509.88	192,509.88
2019	175,000.00	37,821.75	212,821.75
2020	170,000.00	34,182.00	204,182.00
2021	165,000.00	30,647.75	195,647.75
2022-2026	995,000.00	92,998.25	1,087,998.25
2027-2028	375,000.00	7,754.25	382,754.25
Total	<u>\$ 2,180,000.00</u>	<u>\$ 293,994.39</u>	<u>\$ 2,473,994.39</u>

Bonds Authorized but not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

Note 6: LONG-TERM LIABILITIES (CONT'D)

Net Pension Liability - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 7: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines, mail machines, and textbooks. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2017	\$ 33,402.71
2018	<u>21,189.67</u>
	<u>\$ 54,592.38</u>

Rental payments in fiscal year 2016 were \$33,855.23.

Note 8: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - 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:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th 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 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - 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.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th 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.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. 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 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.54% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$62,989.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$81,328.98.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 12.65% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$9,866.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$6,954.97.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, the School District had no employees participating in this plan.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>7,407,820.00</u>
	<u>\$ 7,407,820.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .0117204421%, which was an increase of .0001970648% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized \$452,314.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$257,606.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was .0011475672% which was a decrease of .0004861344% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of (\$2,342.00), in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2016, the School 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	\$ 6,146.00	\$ -
Changes of Assumptions	27,665.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	4,142.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	90,012.00
School District Contributions Subsequent to the Measurement Date	11,908.00	-
	<u>\$ 45,719.00</u>	<u>\$ 94,154.00</u>

Deferred outflows of resources, totaling \$11,908.00 will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2017	\$ (13,654.00)
2018	(13,654.00)
2019	(13,655.00)
2020	(9,095.00)
2021	(10,285.00)
	<u>\$ (60,343.00)</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) – The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were 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.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
				<u>100.00%</u>	
	<u>100.00%</u>				

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	8,803,917.00	7,407,820.00	6,204,999.00
	<u>\$ 8,803,917.00</u>	<u>\$ 7,407,820.00</u>	<u>\$ 6,204,999.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	\$ 320,173.00	\$ 257,606.00	\$ 205,150.00

Pension Plan Fiduciary Net Position

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 respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and non-contributory insurance were \$92,869.00, \$110,580.00 and \$4,407.00, respectively.

Note 11: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2016					\$ 1,551.19
2015					1,551.19
2014					1,551.19

Note 11: RISK MANAGEMENT (CONT'D)

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

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

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

The Fund publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained from:

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

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investments Planning
 AXA/Equitable Life Insurance Co.

Note 13: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$26,597.62.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 51,156.41	
Food Service		\$ 49,737.86
Fiduciary		1,418.55
	<u>\$ 51,156.41</u>	<u>\$ 51,156.41</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: CAPITAL DEBT REFUNDING

On February 16, 2016, the School District issued \$1,930,000.00 in general obligation refunding bonds with an interest rate of 2.11% to advance refund \$1,802,000.00 of outstanding 2007 series bonds with an interest rates from 4.125% to 4.250%. The net proceeds of \$1,900,000.00 (after payment of issuance costs) were used to purchase U.S. Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 series bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the next ten years by almost \$148,000.00, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$128,733.33, or 7.225% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$180,237.13. Additionally, \$105,928.45 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$1,112.68. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

Debt Service Fund - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$2.00 of debt service fund balance at June 30, 2016.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$110,570.55 of general fund balance at June 30, 2016.

Other Purposes - As of June 30, 2016, the School District had \$8,919.05 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2016, \$122,167.00 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,969,081.00		\$ 2,969,081.00	\$ 2,969,081.00	
Unrestricted Miscellaneous				55,598.04	\$ 55,598.04
Total - Local Sources	<u>2,969,081.00</u>	<u>\$ -</u>	<u>2,969,081.00</u>	<u>3,024,679.04</u>	<u>55,598.04</u>
State Sources:					
Equalization Aid	1,536,364.00		1,536,364.00	1,536,364.00	
Special Education Categorical Aid	184,193.00		184,193.00	184,193.00	
School Choice Aid	165,792.00		165,792.00	165,792.00	
Transportation Aid	2,014.00		2,014.00	2,014.00	
Security Aid	6,115.00		6,115.00	6,115.00	
Per Pupil Growth Aid	3,390.00		3,390.00	3,390.00	
PARCC Readiness Aid	3,390.00		3,390.00	3,390.00	
Extraordinary Special Education Aid				47,280.00	47,280.00
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				110,580.00	110,580.00
On-Behalf T.P.A.F. Normal Contributions (non-budgeted)				92,869.00	92,869.00
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				4,407.00	4,407.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				88,503.40	88,503.40
Total - State Sources	<u>1,901,258.00</u>	<u>-</u>	<u>1,901,258.00</u>	<u>2,244,897.40</u>	<u>343,639.40</u>
Total Revenues	<u>4,870,339.00</u>	<u>-</u>	<u>4,870,339.00</u>	<u>5,269,576.44</u>	<u>399,237.44</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	39,972.00	(14,916.01)	25,055.99	24,263.50	792.49
Kindergarten	51,228.00	1,421.86	52,649.86	42,785.86	9,864.00
Grades 1-5	536,991.00	14,916.01	551,907.01	551,907.01	
Grades 6-8	204,631.00	(41,815.00)	162,816.00	135,653.04	27,162.96
Purchased Professional/Educational Services	15,360.00	(5,881.76)	9,478.24	8,828.00	650.24
Purchased Technical Services	5,250.00	1,087.60	6,337.60	6,337.60	
Other Purchased Services	46,520.00	(13,881.63)	32,638.37	32,638.37	

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Regular Programs - Instruction (Cont'd):					
General Supplies	\$ 59,099.00	\$ 13,117.88	\$ 72,216.88	\$ 64,646.08	\$ 7,570.80
Textbooks	7,742.00	2,249.76	9,991.76	9,991.76	
Other Objects	2,100.00	1,379.25	3,479.25	3,417.25	62.00
Total Regular Programs	<u>968,893.00</u>	<u>(42,322.04)</u>	<u>926,570.96</u>	<u>880,468.47</u>	<u>46,102.49</u>
Special Education - Instruction:					
Learning and Language Disabled:					
Salaries of Teachers	79,944.00		79,944.00	78,876.00	1,068.00
General Supplies	368.00		368.00	249.04	118.96
Total Learning and Language Disabled	<u>80,312.00</u>	<u>-</u>	<u>80,312.00</u>	<u>79,125.04</u>	<u>1,186.96</u>
Resource Room/Resource Center:					
Salaries of Teachers	97,070.00	42,311.70	139,381.70	131,181.00	8,200.70
Other Salaries for Instruction	51,567.00	1,218.90	52,785.90	27,050.90	25,735.00
General Supplies	3,147.00	(2,091.02)	1,055.98		1,055.98
Total Resource Room/Resource Center	<u>151,784.00</u>	<u>41,439.58</u>	<u>193,223.58</u>	<u>158,231.90</u>	<u>34,991.68</u>
Total Special Education Instruction	<u>232,096.00</u>	<u>41,439.58</u>	<u>273,535.58</u>	<u>237,356.94</u>	<u>36,178.64</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	37,932.00		37,932.00	21,811.58	16,120.42
Total Basic Skills/Remedial - Instruction	<u>37,932.00</u>	<u>-</u>	<u>37,932.00</u>	<u>21,811.58</u>	<u>16,120.42</u>
Co-Curricular/Extra-Curricular - Instruction:					
Salaries of Teachers	5,200.00		5,200.00	700.00	4,500.00
Total Co-Curricular/Extra-Curricular - Instruction	<u>5,200.00</u>	<u>-</u>	<u>5,200.00</u>	<u>700.00</u>	<u>4,500.00</u>

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Community Services Programs:					
Other Purchased Services	\$ 3,800.00	\$ 2,424.74	\$ 6,224.74	\$ 6,224.74	
Total Community Services Programs	<u>3,800.00</u>	<u>2,424.74</u>	<u>6,224.74</u>	<u>6,224.74</u>	\$ -
Total Instruction	<u>1,247,921.00</u>	<u>1,542.28</u>	<u>1,249,463.28</u>	<u>1,146,561.73</u>	<u>102,901.55</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular	1,845,048.00	25,676.58	1,870,724.58	1,870,724.58	
Tuition to Other LEA's Within State - Special	170,523.00	55,266.62	225,789.62	225,789.62	
Tuition to County Vocational - Regular	15,380.00		15,380.00	15,380.00	
Tuition to CSSD and Regular Day Schools	36,480.00	46,333.00	82,813.00	82,813.00	
Tuition to Private Schools for the Disabled - Within State	<u>328,510.00</u>	<u>(71,380.60)</u>	<u>257,129.40</u>	<u>257,129.40</u>	
Total Undistributed Expenditures - Instruction	<u>2,395,941.00</u>	<u>55,895.60</u>	<u>2,451,836.60</u>	<u>2,451,836.60</u>	<u>-</u>
Undistributed Expenditures - Health Services:					
Salaries	49,898.00		49,898.00	49,212.00	686.00
Purchased Professional and Technical Services	1,635.00	900.00	2,535.00	900.00	1,635.00
General Supplies	<u>2,747.00</u>		<u>2,747.00</u>	<u>1,669.74</u>	<u>1,077.26</u>
Total Undistributed Expenditures - Health Services	<u>54,280.00</u>	<u>900.00</u>	<u>55,180.00</u>	<u>51,781.74</u>	<u>3,398.26</u>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	15,989.00		15,989.00	15,775.20	213.80
Purchased Professional/Educational Services	33,450.00	11,085.15	44,535.15	44,535.15	
General Supplies	<u>211.00</u>		<u>211.00</u>	<u>202.66</u>	<u>8.34</u>
Total Undistributed Expenditures - Other Support Services - Students - Related Services	<u>49,650.00</u>	<u>11,085.15</u>	<u>60,735.15</u>	<u>60,513.01</u>	<u>222.14</u>

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Special Education -					
Extraordinary Services:					
Purchased Prof & Educational Services	\$ 135,913.00	\$ (18,252.25)	\$ 117,660.75	\$ 115,088.71	\$ 2,572.04
Total Undistributed Expenditures - Special Education - Extraordinary Services	<u>135,913.00</u>	<u>(18,252.25)</u>	<u>117,660.75</u>	<u>115,088.71</u>	<u>2,572.04</u>
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	23,338.00	87.10	23,425.10	23,425.10	
Salaries of Secretarial and Clerical Assistance	4,370.00	4.00	4,374.00	4,374.00	
General Supplies	5,400.00	(1,373.60)	4,026.40	71.00	3,955.40
Total Undistributed Expenditures - Other Support Services - Students - Guidance	<u>33,108.00</u>	<u>(1,282.50)</u>	<u>31,825.50</u>	<u>27,870.10</u>	<u>3,955.40</u>
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	25,338.00	127.10	25,465.10	25,465.10	
Salaries of Secretarial and Clerical Assistance	22,285.00	21.80	22,306.80	22,306.80	
Purchased Professional/Educational Services	55,000.00	(32,179.46)	22,820.54	18,768.28	4,052.26
General Supplies	1,399.00		1,399.00		1,399.00
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:	<u>104,022.00</u>	<u>(32,030.56)</u>	<u>71,991.44</u>	<u>66,540.18</u>	<u>5,451.26</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	2,000.00		2,000.00		2,000.00
Purchased Professional/Educational Services	300.00		300.00		300.00
Total Undistributed Expenditures - Improvement of Instruction Services	<u>2,300.00</u>	<u>-</u>	<u>2,300.00</u>	<u>-</u>	<u>2,300.00</u>

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instructional Staff Training Services:					
Other Purchased Services	\$ 2,500.00	\$ 644.91	\$ 3,144.91	\$ 2,229.91	\$ 915.00
Supplies and Materials	500.00	(500.00)			
Total Undistributed Expenditures - Instructional Staff Training Services:	3,000.00	144.91	3,144.91	2,229.91	\$ 915.00
Undistributed Expenditures - Support Services - General Administration:					
Salaries of Other Professional Staff	39,780.00	2,114.01	41,894.01	41,894.01	
Salaries of Secretarial and Clerical Assistants	27,675.00	27.00	27,702.00	27,702.00	
Legal Services	2,500.00	927.97	3,427.97	3,427.97	
Audit Fees	16,300.00	3,900.00	20,200.00	20,200.00	
Other Professional Services		2,445.00	2,445.00	2,445.00	
Communications / Telephone	15,500.00	(1,250.22)	14,249.78	14,249.78	
Other Purchased Services	6,133.00	(1,147.00)	4,986.00	4,986.00	
Supplies and Materials	875.00	(501.89)	373.11		373.11
BOE In-House Training/Meeting Supplies	300.00	(199.78)	100.22		100.22
Miscellaneous Expenditures	1,400.00	(601.08)	798.92	798.92	
BOE Membership Dues & Fees	5,950.00	-	5,950.00	5,286.59	663.41
Total Undistributed Expenditures - Support Services - General Administration	116,413.00	5,714.01	122,127.01	120,990.27	1,136.74
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	26,156.00	26.38	26,182.38	26,182.38	
Salaries of Other Professional Staff	1,900.00	(226.38)	1,673.62		1,673.62
Salaries of Secretarial and Clerical Assistants	4,370.00	4.00	4,374.00	4,374.00	
Other Salaries	1,200.00	3,366.00	4,566.00	4,566.00	
General Supplies	5,481.00	(3,284.00)	2,197.00	2,192.34	4.66
Other Objects	650.00	430.00	1,080.00	1,080.00	
Total Undistributed Expenditures - Support Services - School Administration	39,757.00	316.00	40,073.00	38,394.72	1,678.28

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 38,329.00		\$ 38,329.00	\$ 38,329.00	
Salaries of Secretarial and Clerical Assistants	5,220.00	\$ (134.60)	5,085.40	5,085.40	
Purchased Professional Services	10,800.00	(1,200.00)	9,600.00	9,600.00	
Supplies and Materials	2,050.00	6,895.99	8,945.99	8,945.99	
Miscellaneous Expenditures	350.00	(18.75)	331.25	331.25	
Total Undistributed Expenditures - Central Services	56,749.00	5,542.64	62,291.64	62,291.64	\$ -
Undistributed Expenditures - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	98,265.00	(9,410.03)	88,854.97	84,183.32	4,671.65
General Supplies	3,315.00	2,287.33	5,602.33	5,602.33	
Total Undistributed Expenditures - Required Maintenance for School Facilities	101,580.00	(7,122.70)	94,457.30	89,785.65	4,671.65
Undistributed Expenditures - Custodial Services:					
Salaries of Secretarial and Clerical Assistants	9,551.00	14,424.09	23,975.09	18,812.69	
Other Purchased Professional and Technical Services	1,750.00	(169.56)	1,580.44	1,500.00	80.44
Cleaning, Repair, and Maintenance Services	52,400.00	(1,680.50)	50,719.50	50,719.50	
Other Purchased Property Services	7,475.00	(2,127.25)	5,347.75	4,480.09	867.66
Insurance	15,996.00	(1,948.01)	14,047.99	13,522.00	525.99
General Supplies	7,500.00	(1,488.54)	6,011.46	6,011.46	
Energy (Natural Gas)	18,100.00	(1,460.89)	16,639.11	9,415.97	7,223.14
Energy (Heat and Electricity)	47,940.00	(9,466.18)	38,473.82	35,111.89	3,361.93
Other Objects	200.00	(135.22)	64.78	64.78	
Total Undistributed Expenditures - Custodial Services	160,912.00	(4,052.06)	156,859.94	139,573.60	12,123.94

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Trans Program	\$ 1,545.00	\$ (298.80)	\$ 1,246.20		\$ 1,246.20
Contracted Services - (Other Than Between Home and School) - Vendors	2,450.00		2,450.00	\$ 1,243.50	1,206.50
Contracted Services (Special Education Students) - Vendors	4,500.00	298.80	4,798.80	4,798.80	
Contracted Services (Special Education Students) - ESCs & CTSA	93,000.00		93,000.00	91,853.00	1,147.00
Miscellaneous Expenditures	200.00		200.00		200.00
Total Undistributed Expenditures - Student Transportation Services	101,695.00	-	101,695.00	97,895.30	3,799.70
Undistributed Expenditures - Personnel Services - Employee Benefits:					
Unallocated Benefits:					
Social Security Contributions	23,000.00	(10,215.51)	12,784.49	11,448.66	1,335.83
Other Retirement Contributions - PERS	16,500.00	(2,961.05)	13,538.95	9,866.00	3,672.95
Unemployment Compensation	5,000.00	(1,802.99)	3,197.01		3,197.01
Workman's Compensation	19,292.00	56.00	19,348.00	19,348.00	
Health Benefits	351,568.00	(4,555.68)	347,012.32	301,948.78	45,063.54
Tuition Reimbursement	6,000.00	(3,161.00)	2,839.00	2,839.00	
Other Employee Benefits	11,000.00	4,239.71	15,239.71	15,239.71	
Total Undistributed Expenditures - Personnel Services - Employee Benefits	432,360.00	(18,400.52)	413,959.48	360,690.15	53,269.33
On-Behalf T.P.A.F. Post Retirement Pension Contributions (non-budgeted)				110,580.00	(110,580.00)
On-Behalf T.P.A.F. Normal Contributions (non-budgeted)				92,869.00	(92,869.00)
On-Behalf T.P.A.F. Non-Contributory Insurance (non-budgeted)				4,407.00	4,407.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				88,503.40	(88,503.40)
Total On-behalf Contributions	-	-	-	296,359.40	(287,545.40)
Total Undistributed Expenditures	3,787,680.00	(1,542.28)	3,786,137.72	3,981,840.98	(192,051.66)
Total Current Expense	5,035,601.00	-	5,035,601.00	5,128,402.71	(89,150.11)
Total Expenditures	5,035,601.00	-	5,035,601.00	5,128,402.71	(89,150.11)

(Continued)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Calculation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (165,262.00)	\$ -	\$ (165,262.00)	\$ 141,173.73	\$ 306,435.73
Fund Balances, July 1	562,874.13	-	562,874.13	562,874.13	-
Fund Balances, June 30	<u>\$ 397,612.13</u>	<u>\$ -</u>	<u>\$ 397,612.13</u>	<u>\$ 704,047.86</u>	<u>\$ 306,435.73</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,112.68	
Excess Surplus (2015-16)				180,237.13	
Excess Surplus (2014-15) - Designated for Subsequent Year's Expenditures				105,928.45	
Assigned Fund Balance:					
Year End Encumbrances				8,919.05	
Designated for Subsequent Year's Expenditures				110,570.55	
Unassigned Fund Balance				<u>297,280.00</u>	
				704,047.86	
Reconciliation to Governmental Funds Statements (GAAP):					
Last 15-16 State Aid Payments Not Recognized on GAAP Basis				<u>(175,113.00)</u>	
				<u>\$ 528,934.86</u>	

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Federal Sources:					
Title IA	\$ 43,698.00	\$ 23,401.00	\$ 67,099.00	\$ 48,489.10	\$ (18,609.90)
Title IIA	19,076.00	2,991.00	22,067.00	19,666.01	(2,400.99)
I.D.E.A., Part B	63,993.00		63,993.00	63,993.00	
I.D.E.A., Part B, Preschool Incentive	2,492.00		2,492.00	2,492.00	
Total - Federal Sources	<u>129,259.00</u>	<u>26,392.00</u>	<u>155,651.00</u>	<u>134,640.11</u>	<u>(21,010.89)</u>
Total Revenues	<u>129,259.00</u>	<u>26,392.00</u>	<u>155,651.00</u>	<u>134,640.11</u>	<u>(21,010.89)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	67,944.00	(28,865.00)	39,079.00	39,079.00	
Purchased Professional - Technical Services	3,000.00		3,000.00	645.00	2,355.00
Tuition	52,252.00	14,233.00	66,485.00	66,485.00	
General Supplies	6,063.00	666.00	6,729.00	2,458.97	4,270.03
Total Instruction	<u>129,259.00</u>	<u>(13,966.00)</u>	<u>115,293.00</u>	<u>108,667.97</u>	<u>6,625.03</u>
Support Services:					
Salaries of Teachers		11,562.00	11,562.00	10,137.00	1,425.00
Employee Benefits		12,880.00	12,880.00	12,250.78	629.22
Purchased Professional - Technical Services		3,000.00	3,000.00		3,000.00
Other Purchased Services (400-500 series)		10,839.00	10,839.00	3,574.99	7,264.01
Supplies and Materials		2,077.00	2,077.00	9.37	2,067.63
Total Support Services	<u>-</u>	<u>40,358.00</u>	<u>40,358.00</u>	<u>25,972.14</u>	<u>14,385.86</u>
Total Expenditures	<u>129,259.00</u>	<u>26,392.00</u>	<u>155,651.00</u>	<u>134,640.11</u>	<u>21,010.89</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 5,269,576.44	\$ 134,640.11
Differences - Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	186,026.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(175,113.00)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,280,489.44</u>	<u>\$ 134,640.11</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 5,128,402.71	\$ 134,640.11
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u> </u>	<u>(2,346.53)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 5,128,402.71</u>	<u>\$ 132,293.58</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**ACCOUNTING AND REPORTING FOR PENSIONS
(GASBS NO. 68) SCHEDULES**

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1147567200%	0.1633701600%	0.0017307702%
School District's Proportionate Share of the Net Pension Liability	\$ 257,606.00	\$ 305,874.00	\$ 330,785.00
School District's Covered-Employee Payroll	\$ 88,004.00	\$ 125,716.00	\$ 133,588.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	292.72%	243.31%	247.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 11,908.00	\$ 9,866.00	\$ 13,468.00
Contributions in Relation to the Contractually Required Contribution	<u>(11,908.00)</u>	<u>(9,866.00)</u>	<u>(13,468.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 94,162.00	\$ 81,895.00	\$ 79,125.00
Contributions as a Percentage of School District's Covered-Employee Payroll	12.65%	12.05%	17.01%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>7,407,820.00</u>	<u>6,158,870.00</u>	<u>5,345,885.00</u>
	<u>\$ 7,407,820.00</u>	<u>\$ 6,158,870.00</u>	<u>\$ 5,345,885.00</u>
School District's Covered-Employee Payroll	\$ 1,405,508.00	\$ 1,375,388.00	\$ 1,336,968.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0%	0%	0%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	527.06%	447.79%	399.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT

Notes to Required Supplementary Information - Part III

For the Fiscal Year Ended June 30, 2016

Public Employees Retirement System (PERS)*Changes in Benefit Terms* - None*Changes in Assumptions* - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.**Teachers' Pension and Annuity Fund (TPAF)***Changes in Benefit Terms* - None*Changes in Assumptions* - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>Total</u>	<u>Title I</u>	<u>Title II Part A</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Preschool</u>
REVENUES:					
Federal Sources	\$ 134,640.11	\$ 48,489.10	\$ 19,666.01	\$ 63,993.00	\$ 2,492.00
Total Revenues	<u>\$ 134,640.11</u>	<u>\$ 48,489.10</u>	<u>\$ 19,666.01</u>	<u>\$ 63,993.00</u>	<u>\$ 2,492.00</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 39,079.00	\$ 26,200.00	\$ 12,879.00		
Purchased Professional - Technical Services	645.00	645.00			
Tuition	66,485.00			\$ 63,993.00	\$ 2,492.00
Supplies and Materials	<u>2,458.97</u>	<u>2,458.97</u>			
Total Instruction	<u>108,667.97</u>	<u>29,303.97</u>	<u>12,879.00</u>	<u>63,993.00</u>	<u>2,492.00</u>
Support Services:					
Salaries of Teachers	10,137.00	10,137.00			
Employee Benefits	12,250.78	9,038.76	3,212.02		
Other Purchased Services (400-500 series)	<u>3,584.36</u>	<u>9.37</u>	<u>3,574.99</u>		
Total Support Services	<u>25,972.14</u>	<u>19,185.13</u>	<u>6,787.01</u>	-	-
Total Expenditures	<u>\$ 134,640.11</u>	<u>\$ 48,489.10</u>	<u>\$ 19,666.01</u>	<u>\$ 63,993.00</u>	<u>\$ 2,492.00</u>

PROPRIETARY FUNDS

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Enterprise Fund
 Statement of Net Position
 June 30, 2016

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 7,980.51
Accounts Receivable:	
State	41.13
Federal	<u>1,896.97</u>
Total Current Assets	<u>9,918.61</u>
Noncurrent Assets:	
Furniture, Fixtures and Equipment	8,792.04
Less Accumulated Depreciation	<u>(8,792.04)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>9,918.61</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable	<u>54,900.26</u>
Total Current Liabilities	<u>54,900.26</u>
NET POSITION:	
Unrestricted Net Position (Deficit)	<u>(44,981.65)</u>
Total Net Position (Deficit)	<u><u>\$ (44,981.65)</u></u>

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 13,917.65
Total Operating Revenues	<u>13,917.65</u>
OPERATING EXPENSES:	
Salaries	5,162.40
Meals Purchased by Agreement with Other LEA	<u>46,720.85</u>
Total Operating Expenses	<u>51,883.25</u>
Operating Income / (Loss)	<u>(37,965.60)</u>
NONOPERATING REVENUES:	
State Sources:	
State School Lunch Program	602.35
Federal Sources:	
National School Lunch Program	<u>27,456.21</u>
Total Nonoperating Revenues	<u>28,058.56</u>
Change in Net Position	(9,907.04)
Net Position (Deficit) -- July 1	<u>(35,074.61)</u>
Net Position (Deficit) -- June 30	<u><u>\$ (44,981.65)</u></u>

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Enterprise Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 13,917.65
Payments to Suppliers	<u>(46,720.85)</u>
Net Cash Used for Operating Activities	<u>(32,803.20)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	659.17
Federal Sources	<u>19,110.59</u>
Net Cash Provided by Non-Capital Financing Activities	<u>19,769.76</u>
Net Increase in Cash and Cash Equivalents	(13,033.44)
Cash and Cash Equivalents -- July 1	<u>21,013.95</u>
Cash and Equivalents -- June 30	<u>\$ 7,980.51</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (37,965.60)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (used for) Operating Activities:	
Increase in Interfund Payable	<u>5,162.40</u>
Net Cash Used for Operating Activities	<u>\$ (32,803.20)</u>

FIDUCIARY FUNDS

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	<u>Trust Funds</u>	<u>Agency Funds</u>		
	Unemployment Compensation <u>Trust</u>	Student <u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,551.19	\$ 19,974.01	\$ 21,355.29	\$ 42,880.49
Total Assets	<u>1,551.19</u>	<u>19,974.01</u>	<u>21,355.29</u>	<u>42,880.49</u>
LIABILITIES:				
Payable to Student Groups		19,974.01		19,974.01
Payroll Deductions and Withholdings			19,936.74	19,936.74
Due General Fund			<u>1,418.55</u>	<u>1,418.55</u>
Total Liabilities	<u>-</u>	<u>\$19,974.01</u>	<u>\$ 21,355.29</u>	<u>41,329.30</u>
NET POSITION:				
Held in Trust for Unemployment Claims and Other Purposes	<u>1,551.19</u>			<u>1,551.19</u>
Total Net Position	<u>\$ 1,551.19</u>			<u>\$ 1,551.19</u>

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance <u>June 30, 2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Laurel Springs	<u>\$ 18,966.90</u>	<u>\$ 12,913.89</u>	<u>\$ 11,906.78</u>	<u>\$ 19,974.01</u>

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 80,309.57	\$ 1,479,877.55	\$ 1,538,831.83	\$ 21,355.29
Total Assets	<u>\$ 80,309.57</u>	<u>\$ 1,479,877.55</u>	<u>\$ 1,538,831.83</u>	<u>\$ 21,355.29</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 75,974.57	\$ 1,478,459.00	\$ 1,534,496.83	\$ 19,936.74
Interfund	<u>4,335.00</u>	<u>1,418.55</u>	<u>4,335.00</u>	<u>1,418.55</u>
Total Liabilities	<u>\$ 80,309.57</u>	<u>\$ 1,479,877.55</u>	<u>\$ 1,538,831.83</u>	<u>\$ 21,355.29</u>

LONG-TERM DEBT

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
School District	8-15-07	\$ 2,927,000.00	8-15-16	\$ 125,000.00	4.125%	\$ 2,177,000.00	\$ 1,927,000.00	\$ 250,000.00	
			8-15-17	125,000.00	4.125%				
Refunding School Bonds	2-16-16	1,930,000.00	8-15-16	25,000.00	2.110%				
			8-15-17	25,000.00	2.110%				
			8-15-18	175,000.00	2.110%				
			8-15-19	170,000.00	2.110%				
			8-15-20	165,000.00	2.110%				
			8-15-21	175,000.00	2.110%				
			8-15-22	210,000.00	2.110%				
			8-15-23	205,000.00	2.110%				
			8-15-24	205,000.00	2.110%				
			8-15-25	200,000.00	2.110%				
			8-15-26	195,000.00	2.110%				
			8-15-27	180,000.00	2.110%				
									\$ 1,930,000.00
						<u>\$ 2,177,000.00</u>	<u>\$ 1,930,000.00</u>	<u>\$ 1,927,000.00</u>	<u>\$ 2,180,000.00</u>
Paid								\$ 125,000.00	
Refunded								<u>1,802,000.00</u>	
								<u>\$ 1,927,000.00</u>	

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 141,274.00		\$ 141,274.00	\$ 141,274.00	
Debt Service Aid Type II	<u>73,015.00</u>		<u>73,015.00</u>	<u>73,015.00</u>	
Total Revenues	<u>214,289.00</u>	<u>\$ -</u>	<u>214,289.00</u>	<u>214,289.00</u>	<u>\$ -</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	89,289.00		89,289.00	89,288.14	0.86
Redemption of Principal	<u>125,000.00</u>		<u>125,000.00</u>	<u>125,000.00</u>	
Total Regular Debt Service	214,289.00	-	214,289.00	214,288.14	0.86
Bond Issuance Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,369.19</u>	<u>(30,369.19)</u>
Total Expenditures	<u>214,289.00</u>		<u>214,289.00</u>	<u>244,657.33</u>	<u>(30,368.33)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(30,368.33)	(30,368.33)
OTHER FINANCING SOURCES (USES):					
Proceeds from Refunding Bonds				1,930,000.00	1,930,000.00
Payment to Refunded Bond Escrow Agent				<u>(1,898,547.02)</u>	<u>(1,898,547.02)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,452.98</u>	<u>31,452.98</u>
Net Change in Fund Balance	-	-	-	1,084.65	1,084.65
Fund Balance, July 1	<u>1.51</u>	<u>-</u>	<u>1.51</u>	<u>1.51</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1.51</u>	<u>\$ -</u>	<u>\$ 1.51</u>	<u>\$ 1,086.16</u>	<u>\$ 1,084.65</u>
Recapitulation:					
Restricted Fund Balance				<u>\$ 1,086.16</u>	

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

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

	<u>Fiscal Year Ending June 30,</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 470,553.14	\$ 537,126.03	\$ 576,849.44	\$ 614,272.88	\$ 682,118.42	\$ 747,363.86	\$ 657,919.29	\$ 481,715.85	\$ (862,245.39)	\$ 799,980.00
Restricted	1,086.16	1.51	0.89	6.52	2,712.34	2,711.60	99,260.11	296,269.24	1,604,600.65	(94,872.00)
Unrestricted (Deficit)	165,193.63	(13,328.49)	263,072.70	332,321.07	295,489.98	222,395.42	(69,551.00)	39,199.15	148,136.20	104,391.00
Total Governmental Activities Net Position/Net Assets	\$ 636,832.93	\$ 523,799.05	\$ 839,923.03	\$ 946,600.47	\$ 980,320.74	\$ 972,470.88	\$ 687,628.40	\$ 817,184.24	\$ 890,491.46	\$ 809,499.00
Business-type Activities										
Net Investment in Capital Assets			\$ 174.19	\$ 696.80	\$ 1,219.41	\$ 1,742.02	\$ 2,264.63			\$ 248.00
Restricted										
Unrestricted (Deficit)	\$ (44,981.65)	\$ (35,074.61)	(34,885.22)	(27,824.00)	(23,427.57)	(18,142.91)	(13,001.11)	\$ (7,300.99)	\$ (6,211.38)	(5,740.00)
Total Business-type Activities Net Position/Net Assets	\$ (44,981.65)	\$ (35,074.61)	\$ (34,711.03)	\$ (27,127.20)	\$ (22,208.16)	\$ (16,400.89)	\$ (10,736.48)	\$ (7,300.99)	\$ (6,211.38)	\$ (5,492.00)
District-wide										
Invested in Capital Assets, Net of Related Debt	\$ 470,553.14	\$ 537,126.03	\$ 577,023.63	\$ 614,969.68	\$ 683,337.83	\$ 749,105.88	\$ 660,183.92	\$ 481,715.85	\$ (862,245.39)	\$ 800,228.00
Restricted	1,086.16	1.51	0.89	6.52	2,712.34	2,711.60	99,260.11	296,269.24	1,604,600.65	(94,872.00)
Unrestricted (Deficit)	120,211.98	(48,403.10)	228,187.48	304,497.07	272,062.41	204,252.51	(82,552.11)	31,898.16	141,924.82	98,651.00
Total District-wide Net Position/Net Assets	\$ 591,851.28	\$ 488,724.44	\$ 805,212.00	\$ 919,473.27	\$ 958,112.58	\$ 956,069.99	\$ 676,891.92	\$ 809,883.25	\$ 884,280.08	\$ 804,007.00

* District implemented GASB 63

Source: District Records (Exhibit A-1)

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

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013 *	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 1,106,767.40	\$ 1,127,079.84	\$ 1,137,977.91	\$ 1,138,547.58	\$ 997,594.58	\$ 988,747.63	\$ 632,934.79	\$ 845,266.56	\$ 796,263.28	\$ 986,390.00
Special Education	245,362.94	206,210.79	204,434.70	216,956.34	209,859.60	135,327.61	160,139.01	149,450.10	146,717.60	144,195.00
Other Special Education	21,811.58	28,637.95	36,587.91	33,573.60	38,813.81	8,854.82	38,048.35	41,545.40	25,151.40	51,164.00
Other Instruction	6,224.74	3,129.87				1,040.00	3,412.00	4,412.00	6,257.00	2,126.00
Co-Curricular / Extra-Curricular Instruction	700.00		5,643.75							
Community Services Programs / Operations			2,159.78	3,082.27	3,288.99	3,330.53	3,042.93	3,783.49	1,611.37	4,400.00
Support Services:										
Tuition	2,451,836.60	2,196,435.39	2,562,504.23	1,983,249.06	2,047,802.35	2,147,270.06	2,389,646.57	2,314,422.27	2,147,623.22	2,216,056.00
Student & Instruction Related Services	353,869.43	345,876.20	278,974.19	284,538.23	266,157.87	267,800.87	261,765.82	211,607.33	220,567.58	276,981.00
General Administrative Services	128,996.27	123,494.22	124,425.47	136,179.43	139,233.91	131,493.64	135,377.96	145,933.33	131,364.25	168,427.00
School Administrative Services	72,766.91	49,378.63	61,728.55	59,509.12	57,896.52	57,535.62	71,527.21	68,520.06	66,324.32	84,159.00
Central Services	66,294.64	60,657.24	63,832.13	64,089.36	63,720.48	58,586.02	59,009.79	58,246.89	53,213.83	53,706.00
Plant Operations and Maintenance	229,359.25	238,405.31	233,495.37	238,525.24	219,319.65	203,366.45	223,838.92	246,127.54	177,349.52	233,817.00
Pupil Transportation	97,895.30	77,672.83	49,556.70	46,319.47	45,155.21	70,468.84	68,863.02	72,561.53	78,902.15	112,726.00
Interest on Long-term Debt	73,777.72	92,496.47	97,652.71	102,387.63	107,409.96	110,944.39	115,069.12	226,647.67	18,750.00	
Unallocated Benefits	1,017,820.36	680,741.34	631,036.63	653,433.38	566,519.00	461,408.73	434,259.79	426,251.59	511,226.73	
Total Governmental Activities Expenses	5,873,483.14	5,230,216.08	5,490,010.03	4,960,390.71	4,762,771.93	4,646,175.21	4,596,935.28	4,814,775.76	4,381,322.25	4,334,147.00
Business-type Activities:										
Food Service	51,883.25	41,922.90	45,821.11	45,093.66	39,022.86	38,286.28	33,935.04	33,303.75	32,257.13	30,742.00
Total Business-type Activities Expense	51,883.25	41,922.90	45,821.11	45,093.66	39,022.86	38,286.28	33,935.04	33,303.75	32,257.13	30,742.00
Total District Expenses	<u>\$ 5,925,366.39</u>	<u>\$ 5,272,138.98</u>	<u>\$ 5,535,831.14</u>	<u>\$ 5,005,484.37</u>	<u>\$ 4,801,794.79</u>	<u>\$ 4,684,461.49</u>	<u>\$ 4,630,870.32</u>	<u>\$ 4,848,079.51</u>	<u>\$ 4,413,579.38</u>	<u>\$ 4,364,889.00</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	\$ 205,308.58	\$ 253,149.52	\$ 202,609.01	\$ 187,928.13	\$ 194,819.98	\$ 244,686.94	\$ 218,525.41	\$ 229,002.02	\$ 144,226.43	\$ 169,277.00
Total Governmental Activities Program Revenues	205,308.58	253,149.52	202,609.01	187,928.13	194,819.98	244,686.94	218,525.41	229,002.02	144,226.43	169,277.00
Business-type activities:										
Charges for Services:										
Food Service	13,917.65	12,684.93	12,339.70	13,848.25	15,177.90	19,051.38	19,400.35	18,917.65	19,370.00	15,694.00
Operating Grants and Contributions	28,058.56	28,874.39	25,897.58	26,326.37	18,037.69	13,560.07	11,059.17	13,257.36	11,910.86	12,278.00
Total Business-type Activities Program Revenues	41,976.21	41,559.32	38,237.28	40,174.62	33,215.59	32,611.45	30,459.52	32,175.01	31,280.86	27,972.00
Total District Program Revenues	<u>\$ 247,284.79</u>	<u>\$ 294,708.84</u>	<u>\$ 240,846.29</u>	<u>\$ 228,102.75</u>	<u>\$ 228,035.57</u>	<u>\$ 277,298.39</u>	<u>\$ 248,984.93</u>	<u>\$ 261,177.03</u>	<u>\$ 175,507.29</u>	<u>\$ 197,249.00</u>

(Continued)

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

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013 *	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental Activities	\$ (5,668,174.56)	\$ (4,977,066.56)	\$ (5,287,401.02)	\$ (4,772,462.58)	\$ (4,567,951.95)	\$ (4,401,488.27)	\$ (4,378,409.87)	\$ (4,585,773.74)	\$ (4,237,095.82)	\$ (4,164,870.00)
Business-type Activities	(9,907.04)	(363.58)	(7,583.83)	(4,919.04)	(5,807.27)	(5,674.83)	(3,475.52)	(1,128.74)	(976.27)	(2,770.00)
Total District-wide Net Expense	\$ (5,678,081.60)	\$ (4,977,430.14)	\$ (5,294,984.85)	\$ (4,777,381.62)	\$ (4,573,759.22)	\$ (4,407,163.10)	\$ (4,381,885.39)	\$ (4,586,902.48)	\$ (4,238,072.09)	\$ (4,167,640.00)
General Revenues and Other Changes in Net Position/Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 2,969,081.00	\$ 2,650,308.00	\$ 2,851,055.00	\$ 2,571,840.00	\$ 2,521,412.00	\$ 2,645,993.00	\$ 2,527,750.00	\$ 2,551,598.00	\$ 2,520,291.00	\$ 2,473,606.00
Property Taxes Levied for Debt Service	141,274.00	144,673.00	148,066.00	134,651.00	137,370.00	140,088.26	128,533.00	119,044.00	20,000.00	
Federal and State Aid Not Restricted	2,615,255.40	2,184,883.68	2,119,824.26	2,040,130.73	1,910,312.39	1,740,753.96	1,583,538.15	1,837,505.76	1,700,677.59	1,640,261.00
Investment Earnings						310.18	1,041.96	11,093.17	67,132.07	25,378.00
Miscellaneous Income	55,598.04	11,862.90	11,762.61	2,822.32	6,707.42	2,895.35	7,990.92	3,419.69	32,533.08	29,404.00
Cancellation of Federal Grant - Unearned Revenue			0.59							
Cancellation of Prior Year Receivable/Payables			50,015.12	(10,701.75)				(10,194.10)	(22,544.56)	
Total Governmental Activities	5,781,208.44	4,991,727.58	5,180,723.58	4,738,742.30	4,575,801.81	4,530,040.75	4,248,854.03	4,512,466.52	4,318,089.18	4,168,649.00
Business-type Activities:										
Investment Earnings	-	-	-	-	-	10.42	40.03	39.13	256.83	440.00
Total Business-type Activities	-	-	-	-	-	10.42	40.03	39.13	256.83	440.00
Total District-wide	\$ 5,781,208.44	\$ 4,991,727.58	\$ 5,180,723.58	\$ 4,738,742.30	\$ 4,575,801.81	\$ 4,530,051.17	\$ 4,248,894.06	\$ 4,512,505.65	\$ 4,318,346.01	\$ 4,169,089.00
Change in Net Position/Net Assets										
Governmental Activities	\$ 113,033.88	\$ 14,661.02	\$ (106,677.44)	\$ (33,720.28)	\$ 7,849.86	\$ 128,552.48	\$ (129,555.84)	\$ (73,307.22)	\$ 80,993.36	\$ 3,779.00
Business-type Activities	(9,907.04)	(363.58)	(7,583.83)	(4,919.04)	(5,807.27)	(5,664.41)	(3,435.49)	(1,089.61)	(719.44)	(2,330.00)
Total District	\$ 103,126.84	\$ 14,297.44	\$ (114,261.27)	\$ (38,639.32)	\$ 2,042.59	\$ 122,888.07	\$ (132,991.33)	\$ (74,396.83)	\$ 80,273.92	\$ 1,449.00

* District implemented GASB 63

Source: District Records (Exhibit A-2)

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

	Fiscal Year Ending June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Restricted:										
Capital Reserve Account	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 1,112.68	\$ 2,555.20	\$ 121,740.00
Excess Surplus	180,237.13				160,720.63	94,648.51				
Subsequent Year's Expenditures	105,928.45									
Assigned:										
Other Purposes	8,919.05				1,533.00					
Subsequent Year's Expenditures	110,570.55	165,262.00	236,329.42	310,721.00	114,409.00	92,555.00				
Unassigned	122,167.00	210,473.45	90,870.00	84,924.25	83,440.00	98,258.00	86,878.03	294,686.69	362,377.69	136,320.00
Total General Fund	\$ 528,934.86	\$ 376,848.13	\$ 328,312.10	\$ 396,757.93	\$ 361,215.31	\$ 286,574.19	\$ 87,990.71	\$ 295,799.37	\$ 364,932.89	\$ 258,060.00
All Other Governmental Funds										
Restricted:										
Capital Projects Fund					\$ 2,706.56	\$ 2,706.56	\$ 2,706.56	\$ 3,722.49	\$ 1,401,614.07	\$ (326,934.00)
Debt Service Fund	\$ 1,086.16	\$ 1.51	\$ 0.89	\$ 6.52	5.78	5.04	0.87	1,250.87	1,250.00	
Other								102,479.51	16,707.32	110,322.00
Unassigned:										
Special Revenue Fund									(495.10)	(495.00)
Total All Other Governmental Funds	\$ 1,086.16	\$ 1.51	\$ 0.89	\$ 6.52	\$ 2,712.34	\$ 2,711.60	\$ 2,707.43	\$ 107,452.87	\$ 1,419,076.29	\$ (217,107.00)
Total District	\$ 530,021.02	\$ 376,849.64	\$ 328,312.99	\$ 396,764.45	\$ 363,927.65	\$ 289,285.79	\$ 90,698.14	\$ 403,252.24	\$ 1,784,009.18	\$ 40,953.00

Source: District Records (Exhibit B-1)

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax Levy	\$ 3,110,355.00	\$ 2,794,981.00	\$ 2,999,121.00	\$ 2,706,491.00	\$ 2,658,782.00	\$ 2,786,081.26	\$ 2,656,283.00	\$ 2,670,642.00	\$ 2,540,291.00	\$ 2,473,606.00
Interest Earnings						310.18	1,041.96	11,093.17	67,132.07	25,378.00
Miscellaneous	55,598.04	11,862.90	11,762.61	2,822.32	6,707.42	3,127.13	8,717.75	3,561.87	32,787.61	34,882.00
Local Sources					515.41					
State Sources	2,324,418.40	2,259,655.68	2,196,353.26	2,109,721.73	1,922,241.17	1,813,156.96	1,670,457.05	1,950,605.76	1,710,598.59	1,652,708.00
Federal Sources	132,293.58	115,012.52	126,080.01	118,337.13	182,375.79	172,052.16	414,827.68	115,759.84	134,050.90	151,022.00
Total Revenue	5,622,665.02	5,181,512.10	5,333,316.88	4,937,372.18	4,770,621.79	4,774,727.69	4,751,327.44	4,751,662.64	4,484,860.17	4,337,596.00
Expenditures										
Instruction										
Regular Instruction	986,677.47	1,005,262.33	1,016,160.33	1,012,663.42	873,660.50	863,613.55	896,542.79	829,683.56	780,680.28	740,242.00
Special Education Instruction	237,356.94	198,089.62	196,313.53	208,564.06	201,597.33	126,985.34	160,139.01	149,450.10	146,717.60	108,183.00
Other Special Instruction	21,811.58	28,637.95	36,587.91	33,573.60	38,813.81	8,854.82	38,048.35	41,545.40	25,151.40	40,854.00
Other Instruction						1,040.00		1,000.00	2,845.00	1,595.00
Co-Curricular / Extra-Curricular Instruction	700.00		5,643.75							
Community Services Programs / Operations	6,224.74	3,129.87	2,159.78	3,082.27	3,288.99	3,330.53	3,042.93	3,783.49	1,611.37	3,301.00
Support Services:										
Tuition	2,451,836.60	2,196,435.39	2,562,504.23	1,983,249.06	2,047,802.35	2,147,270.06	2,389,646.57	2,314,422.27	2,147,623.22	2,216,056.00
Student Related Services	337,857.45	329,633.87	262,731.85	267,753.68	249,633.33	251,116.33	261,765.82	211,607.33	220,567.58	209,846.00
General Administrative Services	120,990.27	115,373.05	116,304.30	127,787.15	130,971.64	123,151.37	131,879.96	142,435.33	127,866.25	180,069.00
School Administrative Services	68,763.91	43,017.98	57,667.96	55,312.98	53,765.38	53,364.48	71,527.21	68,520.06	66,324.32	63,141.00
Central Services	62,291.64	56,596.66	59,771.54	59,893.22	59,589.34	54,414.88	59,009.79	58,246.89	53,213.83	
Plant Operations and Maintenance	229,359.25	238,405.31	233,495.37	238,525.24	219,319.65	203,366.45	220,600.92	242,889.54	174,111.52	175,422.00
Pupil Transportation	97,895.30	77,672.83	49,556.70	46,319.47	45,155.21	70,468.84	67,302.02	71,000.53	77,341.15	84,573.00
Business and Other Support Services										
Employee Benefits	664,893.33	621,276.21	628,286.17	652,868.22	564,016.14	456,672.13	439,507.73	434,244.61	511,388.20	481,690.00
Capital Outlay							108,252.44	1,271,253.24	1,292,066.61	221,927.00
Debt Service:										
Principal	125,000.00	125,000.00	125,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00		
Interest and Other Charges	89,288.14	94,444.38	99,600.63	104,241.26	108,366.26	112,491.26	116,616.00	182,143.13	18,750.00	
Total Expenditures	5,500,946.62	5,132,975.45	5,451,784.05	4,893,833.63	4,695,979.93	4,576,140.04	5,063,881.54	6,122,225.48	5,646,258.33	4,526,899.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,718.40	48,536.65	(118,467.17)	43,538.55	74,641.86	198,587.65	(312,554.10)	(1,370,562.84)	(1,161,398.16)	(189,303.00)
Other Financing Sources (Uses)										
Bond Proceeds	1,930,000.00								2,927,000.00	
Payment to Refunded Bond Escrow Agent	(1,898,547.02)									
Cancellation of Federal Grants - Unearned Revenue			0.59							
Cancellation of Prior Year Payables			50,015.12	44.00				(10,194.10)	(16,006.41)	
Cancellation of Prior Year Receivable				(10,745.75)					(6,539.15)	
Total Other Financing Sources (Uses)	31,452.98	-	50,015.71	(10,701.75)	-	-	-	(10,194.10)	2,904,454.44	-
Net Change in Fund Balances	\$ 153,171.38	\$ 48,536.65	\$ (68,451.46)	\$ 32,836.80	\$ 74,641.86	\$ 198,587.65	\$ (312,554.10)	\$ (1,380,756.94)	\$ 1,743,056.28	\$ (189,303.00)
Debt Service as a Percentage of Noncapital Expenditures	3.9%	4.3%	4.1%	4.2%	4.4%	4.6%	4.4%	3.8%	0.4%	0.0%

Source: District Records (Exhibit B-2)

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

	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest on Investments						\$ 310.18	\$ 1,041.96	\$ 11,093.17	\$ 67,132.07	\$ 13,425.00
Miscellaneous	\$ 55,598.04	\$ 11,862.90	\$ 11,762.61	\$ 2,822.32	\$ 6,707.42	2,895.35	7,990.92	3,419.69	32,533.08	29,074.00
Contributions						231.78	726.83			
Transportation Fee From Individuals										330.00
	<u>\$ 55,598.04</u>	<u>\$ 11,862.90</u>	<u>\$ 11,762.61</u>	<u>\$ 2,822.32</u>	<u>\$ 6,707.42</u>	<u>\$ 3,437.31</u>	<u>\$ 9,759.71</u>	<u>\$ 14,512.86</u>	<u>\$ 99,665.15</u>	<u>\$ 42,829.00</u>

Source: District Records.

Revenue Capacity Information

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

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

Year Ended Dec. 31.	Vacant Land	Residential	Farm Reg.	Farm Qual.	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities (1)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016	\$ 434,500.00	\$ 68,549,724.00	\$ -	\$ -	\$ 6,784,050.00	\$ -	\$ 1,810,000.00	\$ 77,578,274.00	\$ 5,411,600.00	\$ 100.00	\$ 77,578,374.00	\$ 113,071,380.00	\$ 3.864
2015	434,500.00	68,751,481.00	-	-	6,929,800.00	-	1,810,000.00	77,925,781.00	5,359,800.00	100.00	77,925,881.00	115,377,230.00	3.727
2014	434,500.00	68,988,796.00	-	-	6,929,800.00	-	1,810,000.00	78,163,096.00	5,217,300.00	100.00	78,163,196.00	119,151,061.00	3.646
2013	434,500.00	69,039,050.00	-	-	7,138,400.00	-	1,810,000.00	78,421,950.00	5,040,300.00	3,075,198.00	81,497,148.00	126,752,788.00	3.444
2012	434,500.00	68,864,100.00	-	-	7,137,100.00	-	1,810,000.00	78,245,700.00	5,131,900.00	3,627,425.00	81,873,125.00	139,924,356.00	3.220
2011	516,800.00	68,990,400.00	-	-	7,225,800.00	-	1,840,300.00	78,573,300.00	5,237,900.00	3,564,576.00	82,137,876.00	142,700,164.00	3.269
2010	309,500.00	68,739,200.00	-	-	8,167,500.00	-	1,840,300.00	79,056,500.00	5,096,100.00	3,331,728.00	82,388,228.00	147,516,481.00	3.244
2009	309,500.00	68,726,400.00	-	-	8,425,100.00	-	1,840,300.00	79,301,300.00	5,075,100.00	3,272,737.00	82,574,037.00	152,391,391.00	3.153
2008	365,000.00	68,178,400.00	-	-	8,377,100.00	-	1,840,300.00	78,760,800.00	5,138,500.00	3,692,000.00	82,452,800.00	155,184,210.00	3.080
2007	337,000.00	67,947,800.00	-	-	8,377,100.00	-	1,840,300.00	78,502,200.00	5,138,500.00	4,048,351.00	82,550,551.00	150,398,463.00	2.985

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

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

Source: Camden County Board of Taxation

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

Year Ended Dec. 31,	District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Laurel Springs Borough	County of Camden	
2016	\$ 3.864	-	\$ 3.864	\$ 2.363	\$ 1.281	\$ 7.508
2015	3.727	-	3.727	2.309	1.299	7.335
2014	3.646	-	3.646	2.278	1.298	7.222
2013	3.444	-	3.444	2.216	1.324	6.984
2012	3.220	-	3.220	2.156	1.348	6.724
2011	3.269	-	3.269	2.107	1.273	6.649
2010	3.244	-	3.244	2.014	1.206	6.464
2009	3.153	-	3.153	1.820	1.173	6.146
2008	3.080	-	3.080	1.661	1.165	5.906
2007	2.985	-	2.985	1.476	1.130	5.591

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	<u>2016</u>			<u>2007</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Laurel Springs Gardens Association	\$ 1,450,000	1	1.87%			
Bell Atlantic	1,154,000	2	1.49%			
Kellmoll Properties LLC	399,100	3	0.51%			
Rakshak, LLC	362,000	4	0.47%			
MCI C/O Worldcom	326,000	5	0.42%			
Sat-Raj, Inc.	308,100	6	0.40%			
Richard Michielli, Jr.	250,800	7	0.32%			
Royal Tax Lien Services	248,300	8	0.32%			
Take Time, LLC	242,500	9	0.31%			
JOHO 38 High, LLC	240,000	10	0.31%			
Total	\$ 4,980,800.00		6.42%	\$ -		0.00%

INFORMATION IS NOT AVAILABLE

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 3,110,355.00	\$ 2,922,497.35	93.96%	\$ 187,857.65
2015	2,794,981.00	2,695,126.66	96.43%	99,854.34
2014	2,999,121.00	2,999,121.00	100.00%	-
2013	2,706,491.00	2,606,640.74	96.31%	99,850.26
2012	2,658,782.00	2,658,782.00	100.00%	-
2011	2,786,081.26	2,786,081.26	100.00%	-
2010	2,527,750.00	2,527,750.00	100.00%	-
2009	2,551,598.00	2,451,747.72	96.09%	99,850.28
2008	2,520,291.00	2,520,291.00	100.00%	-
2007	2,473,606.00	2,473,606.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total District</u>	Percentage of Personal Income (2)	<u>Per Capita (3)</u>
	<u>General Obligation Bonds (1)</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Capital Leases</u>				
2016	\$ 2,180,000.00	-	-	-	-	\$ 2,180,000.00	Unavailable	\$ 1,157.11	
2015	2,177,000.00	-	-	-	-	2,177,000.00	Unavailable	1,151.85	
2014	2,302,000.00	-	-	-	-	2,302,000.00	2.60%	1,217.99	
2013	2,427,000.00	-	-	-	-	2,427,000.00	2.85%	1,276.03	
2012	2,527,000.00	-	-	-	-	2,527,000.00	2.97%	1,327.21	
2011	2,627,000.00	-	-	-	-	2,627,000.00	3.13%	1,377.56	
2010	2,727,000.00	-	-	-	-	2,727,000.00	3.41%	1,430.75	
2009	2,827,000.00	-	-	-	-	2,827,000.00	3.56%	1,481.66	
2008	2,927,000.00	-	-	-	-	2,927,000.00	3.71%	1,526.07	
2007	-	-	-	-	-	-	-	-	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2014 Census published by the US Bureau of Economic Analysis

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value of Property</u>	<u>Per Capita (2)</u>
2016	\$ 2,180,000.00	\$ -	\$ 2,180,000.00	2.81%	\$ 1,157.11
2015	2,177,000.00	-	2,177,000.00	2.79%	1,154.91
2014	2,302,000.00	-	2,302,000.00	2.95%	1,217.99
2013	2,427,000.00	-	2,427,000.00	2.98%	1,276.03
2012	2,527,000.00	-	2,527,000.00	3.09%	1,327.21
2011	2,627,000.00	-	2,627,000.00	3.20%	1,377.56
2010	2,727,000.00	-	2,727,000.00	3.42%	1,430.75
2009	2,827,000.00	-	2,827,000.00	3.55%	1,481.66
2008	2,927,000.00	-	2,927,000.00	3.55%	1,526.07
2007	-	-	-	-	-

Sources:

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

Borough of Laurel Springs School District
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2015
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Laurel Springs Borough</u>
Municipal Debt: (1)				
Laurel Springs Borough School District	\$ 2,052,000.00	\$ 2,052,000.00		
Laurel Springs Borough	<u>2,706,340.00</u>	<u>83,157.17</u>	<u>\$ 2,623,182.83</u>	<u>\$ 2,623,182.83</u>
	<u>4,758,340.00</u>	<u>2,135,157.17</u>	<u>2,623,182.83</u>	<u>2,623,182.83</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: (2)				
General:				
Bonds	35,695,000.00	12,761,633.00 (3)	22,933,367.00	70,194.57 (5)
Loan Agreement	269,003,014.00		269,003,014.00	823,365.84 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>471,754,632.00</u>	<u>471,754,632.00 (4)</u>		
	<u>776,452,646.00</u>	<u>484,516,265.00</u>	<u>291,936,381.00</u>	<u>893,560.41</u>
	<u>\$ 781,210,986.00</u>	<u>\$ 486,651,422.17</u>	<u>\$ 294,559,563.83</u>	<u>\$ 1,729,622.42</u>

Sources:

- (1) 2015 Annual Debt Statement
- (2) County's 2015 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Borough's share of the total 2015 Equalized Value, which is .306%.
The source for this computation was the 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis (1)	
	2015	\$ 113,577,876.00
	2014	115,728,599.00
	2013	<u>119,545,655.00</u>
	[A]	<u>\$ 348,852,130.00</u>
Average equalized valuation of taxable property	[A/3]	<u>\$ 116,284,043.33</u>
Debt limit (2 1/2 % of average equalization value)	(2)	[B] \$ 2,907,101.08
Total Net Debt Applicable to Limit	[C]	<u>2,180,000.00</u>
Legal Debt Margin	[B-C]	<u>\$ 727,101.08</u>

	Fiscal Year									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Debt limit	\$ 2,907,101.08	\$ 3,014,518.09	\$ 3,216,101.72	\$ 3,421,427.53	\$ 3,610,183.68	\$ 3,706,630.14	\$ 3,724,674.80	\$ 3,591,659.49	\$ 3,323,766.53	\$ 2,963,751.00
Total net debt applicable to limit	<u>2,180,000.00</u>	<u>2,177,000.00</u>	<u>2,302,000.00</u>	<u>2,302,000.00</u>	<u>2,527,000.00</u>	<u>2,627,000.00</u>	<u>2,727,000.00</u>	<u>2,827,000.00</u>	<u>2,927,000.00</u>	-
Legal debt margin	<u>\$ 727,101.08</u>	<u>\$ 837,518.09</u>	<u>\$ 914,101.72</u>	<u>\$ 1,119,427.53</u>	<u>\$ 1,079,630.14</u>	<u>\$ 764,659.49</u>	<u>\$ 396,766.53</u>	<u>\$ 2,963,751.00</u>	<u>\$ 3,176,503.00</u>	<u>\$ 3,554,446.00</u>
Total net debt applicable to the limit as a percentage of debt limit	74.99%	72.22%	71.58%	67.28%	70.00%	70.87%	73.21%	78.71%	88.06%	0.00%

Sources:

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>County Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	1,884	Unavailable	Unavailable	5.2%
2014	1,885	\$ 88,380,110.00	\$ 46,886.00	7.5%
2013	1,890	85,195,530.00	45,077.00	3.3%
2012	1,902	85,099,284.00	44,742.00	8.1%
2011	1,904	83,994,960.00	44,115.00	8.0%
2010	1,907	80,080,651.00	41,993.00	8.1%
2009	1,906	79,367,746.00	41,641.00	7.7%
2008	1,908	78,939,684.00	41,373.00	4.9%
2007	1,918	76,731,508.00	40,006.00	3.7%
2006	1,924	74,262,552.00	38,598.00	4.0%

Source:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income by municipality-estimated based upon the 2014 Census published by the US Bureau of Economic Analysis.
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

INFORMATION IS NOT AVAILABLE

Operating Information

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

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	14.1	13.9	14.5	14.5	14.0	13.5	12.0	12.0	16.0	8.5
Special education	2.0	2.0	2.5	2.5	2.5	2.0	2.0	2.5	4.0	3.0
Other special education	-	-	-	-	-	-	-	-	-	1.0
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	3.5	3.5	3.0	3.0	3.0	3.0	3.0	2.5	-	2.5
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5	3.0
General administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	3.0	3.5
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	1.0
Business administrative services	0.2	0.2	0.2	0.2	-	-	-	-	-	0.5
Central Services	-	-	-	-	-	-	-	-	-	-
Special Education	-	-	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	1.0	1.0
Child Care	-	-	-	-	-	-	-	-	-	-
Total	25.8	25.6	26.2	26.2	25.5	24.5	23.0	23.0	32.0	24.0

Source: District Personnel Records

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

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>			<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>High School</u>				
2016	199	\$ 5,799,705.42	\$ 29,144.25	-8.66%	*	*	N/A	N/A	198	191	2.59%	96.46%
2015	193	5,137,719.61	26,620.31	6.06%	*	*	N/A	N/A	193	190	1.05%	98.45%
2014	191	5,392,357.32	28,232.24	-6.48%	*	*	N/A	N/A	191	184	4.95%	96.34%
2013	184	4,858,003.07	26,402.19	-6.21%	*	*	N/A	N/A	182	172	-2.67%	94.51%
2012	188	4,655,361.97	24,762.56	9.67%	*	*	N/A	N/A	187	179	11.98%	95.72%
2011	167	4,535,230.82	27,157.07	-4.60%	*	*	N/A	N/A	167	160	-3.47%	95.81%
2010	173	4,481,866.16	25,906.74	-2.15%	*	*	N/A	N/A	173	171	-4.00%	99.08%
2009	181	4,588,128.09	25,348.77	6.24%	*	*	N/A	N/A	180	173	11.23%	96.00%
2008	162	4,362,572.85	26,929.46	-11.68%	*	*	N/A	N/A	162	*	-10.00%	*
2007	181	4,304,972.00	23,784.38	-18.86%	*	*	N/A	N/A	180	*	-0.55%	*

* Information not available.

Sources: District Records

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Elementary</u>										
Laurel Springs Elementary										
Square Feet	(Information is not available)									
Capacity (students)	(Information is not available)									
Enrollment	199	193	191	184	188	167	173	181	162	181
Number of Schools at June 30, 2016										
Elementary = 1										
Middle School = 0										
High School = 0										
Other = 0										

Source: District records, ASSA

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

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

* School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Laurel Springs Elementary	N/A	\$ 89,785.65	\$ 86,241.19	\$ 84,733.30	\$ 98,825.52	\$ 81,571.22	\$ 62,571.91	\$ 85,231.59	\$ 107,089.71	\$ 91,393.05	\$ 44,111.00
Total School Facilities		89,785.65	86,241.19	84,733.30	98,825.52	81,571.22	62,571.91	85,231.59	107,089.71	91,393.05	44,111.00
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 89,785.65</u>	<u>\$ 86,241.19</u>	<u>\$ 84,733.30</u>	<u>\$ 98,825.52</u>	<u>\$ 81,571.22</u>	<u>\$ 62,571.91</u>	<u>\$ 85,231.59</u>	<u>\$ 107,089.71</u>	<u>\$ 91,393.05</u>	<u>\$ 44,111.00</u>

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

Source: District Records

Borough of Laurel Springs School District
Insurance Schedule
June 30, 2016
Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Package Policy			
Property & Auto Physical Damage	(A)	\$ 250,000,000	Not
Boiler & Machinery		100,000,000	Available
General and Auto Liability	(A)	5,000,000	
Environment Impairment Liability	(A)	25,000,000	
Crime Coverage			
Money and Securities	(A)	50,000	
Faithful Performance	(A)	100,000 per person / 500,000 per loss	
Computer Fraud, Forgery	(A)	50,000	
School Board Legal Liability	(A)	5,000,000	
Workers' Compensation	(A)	Statutory	
Student Accident Insurance	(B)	25,000	
Catastrophic Student Accident Insurance	(B)	6,000,000	
Surety Bonds			
Board Secretary/Business Administrator	(C)	160,000	

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

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Borough of Laurel Springs School District's, in the County of Camden, State of New Jersey (the "School District"), compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2016. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Laurel Springs School District's, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Borough of Laurel Springs School District, in the County of Camden, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
October 28, 2016

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period	
					From	To
Special Revenue Fund:						
U.S. Department of Education						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part A	84.010A	S010A150030	NCLB254016	\$ 43,698.00	7-1-2015	6-30-2016
Title I, Part A	84.010A	S010A150030	NCLB254015	37,496.00	7-1-2014	6-30-2015
Total Title I, Part A						
Title II, Part A	84.367A	S367A150029	NCLB254016	19,076.00	7-1-2015	6-30-2016
Title II, Part A	84.367A	S367A150029	NCLB254015	18,990.00	7-1-2014	6-30-2015
Total Title II, Part A						
Title III	84.365A	S365A150030	NCLB254016	710.00	7-1-2015	6-30-2016
I D.E.A. Part B:						
Special Education Cluster:						
Basic Regular	84.027	H027A150100	DEA254016	63,993.00	7-1-2015	6-30-2016
Basic Regular	84.027	H027A150100	DEA254015	59,069.00	7-1-2014	6-30-2015
Preschool	84.173	H173A150114	DEA254016	2,492.00	7-1-2015	6-30-2016
Preschool	84.173	H173A150114	DEA254015	2,403.00	7-1-2014	6-30-2015
Total I.D.E.A. Part B Special Education Cluster						
Total Special Revenue Fund						
Enterprise Fund:						
U.S. Department of Agriculture						
Passed-through State Department of Education:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	16161NJ304N1099	N/A	1,873.87	7-1-2015	6-30-2016
School Breakfast Program	10.553	16161NJ304N1099	N/A	2,979.16	7-1-2014	6-30-2015
National School Lunch Program	10.555	16161NJ304N1099	N/A	25,582.34	7-1-2015	6-30-2016
National School Lunch Program	10.555	16161NJ304N1099	N/A	25,292.04	7-1-2014	6-30-2015
Total Enterprise Fund						
Total Federal Financial Assistance						

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

(B) District decided not to accept these funds.

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

These funds were not audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), since the total of all grant award expenditures was less than \$750,000.00.

Balance June 30, 2015	Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures		Passed Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance June 30, 2016		
			Pass-Through Funds	Direct Funds				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ (19,715.27)	\$ 23,401.00 (23,401.00)	\$ 19,715.00	\$ 48,489.10			\$ (23,401.00) 23,401.27		\$ (67,099.00)	\$ 18,609.90	
(19,715.27)	-	19,715.00	48,489.10	-	\$ -	0.27	\$ -	(67,099.00)	18,609.90	\$ -
(18,225.25)	2,991.00 (2,991.00)	18,226.00	19,666.01			(2,991.00) 2,990.25		(22,067.00)	2,400.99	
(18,225.25)	-	18,226.00	19,666.01	-	-	(0.75)	-	(22,067.00)	2,400.99	-
-	-	-	-	-	-	(B)	-	-	-	-
(9,440.00)		9,440.00	63,993.00					(63,993.00)		
(2,403.00)		2,403.00	2,492.00					(2,492.00)		
(11,843.00)	-	11,843.00	66,485.00	-	-	-	-	(66,485.00)	-	-
(49,783.52)	-	49,784.00	134,640.11	-	-	(0.48)	-	(155,651.00)	21,010.89	-
(482.10)		1,740.54 482.10	1,873.87					(133.33)		
(4,079.60)		23,818.70 4,079.60	25,582.34					(1,763.64)		
(4,561.70)	-	30,120.94	27,456.21	-	-	-	-	(1,896.97)	-	-
\$ (54,345.22)	\$ -	\$ 79,904.94	\$ 162,096.32	\$ -	\$ -	\$ (0.48)	\$ -	\$ (157,547.97)	\$ 21,010.89	\$ -

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2016

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	
			From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Equalization Aid	16-495-034-5120-078	\$ 1,536,364.00	7-1-2015	6-30-2016		
Equalization Aid	15-495-034-5120-078	1,536,364.00	7-1-2014	6-30-2015	\$ (150,932.18)	
Special Education Categorical Aid	16-495-034-5120-089	184,193.00	7-1-2015	6-30-2016		
Special Education Categorical Aid	15-495-034-5120-089	184,193.00	7-1-2014	6-30-2015	(18,093.66)	
Security Aid	16-495-034-5120-084	6,115.00	7-1-2015	6-30-2016		
Security Aid	15-495-034-5120-084	6,115.00	7-1-2014	6-30-2015	(600.69)	
School Choice Aid	16-495-034-5120-068	165,792.00	7-1-2015	6-30-2016		
School Choice Aid	15-495-034-5120-068	158,256.00	7-1-2014	6-30-2015	(15,535.63)	
Per Pupil Growth Aid	16-495-034-5120-097	3,390.00	7-1-2015	6-30-2016		
Per Pupil Growth Aid	15-495-034-5120-097	3,390.00	7-1-2014	6-30-2015	(333.00)	
PARCC Readiness	16-495-034-5120-098	3,390.00	7-1-2015	6-30-2016		
PARCC Readiness	15-495-034-5120-098	3,390.00	7-1-2014	6-30-2015	(333.00)	
Total State Aid - Public Cluster					(185,828.16)	\$ -
Transportation Aid:						
Categorical Transportation Aid	16-495-034-5120-014	2,014.00	7-1-2015	6-30-2016		
Categorical Transportation Aid	15-495-034-5120-014	2,014.00	7-1-2014	6-30-2015	(197.84)	
Additional Nonpublic School Transportation Aid	15-495-034-5120-014	174.00	7-1-2014	6-30-2015	(174.00)	
Total Transportation Aid					(371.84)	-
Extraordinary Special Education Aid	16-100-034-5120-473	47,280.00	7-1-2015	6-30-2016		
Extraordinary Special Education Aid	15-100-034-5120-473	40,397.00	7-1-2014	6-30-2015	(40,397.00)	
Total Extraordinary Special Education Aid					(40,397.00)	-
Reimbursed T.P.A.F. Social Security	16-495-034-5095-002	88,502.85	7-1-2015	6-30-2016		
Reimbursed T.P.A.F. Social Security	15-495-034-5095-002	88,235.68	7-1-2014	6-30-2015	(8,490.59)	
Total Reimbursed T.P.A.F. Social Security					(8,490.59)	-
Total General Fund					(235,087.59)	-
Debt Service Fund:						
New Jersey Department of Education:						
Debt Service Aid Type II	16-100-034-5120-075	73,015.00	7-1-2015	6-30-2016	-	-
Enterprise Fund:						
New Jersey Department of Agriculture:						
State School Lunch Program	16-100-010-3350-023	602.35	7-1-2015	6-30-2016		
State School Lunch Program	15-100-010-3350-023	603.19	7-1-2014	6-30-2015	(97.95)	
Total Enterprise Fund					(97.95)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(235,185.54)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of the Treasury:						
On-behalf T.P.A.F. Pension Contributions - Normal Cost	495-034-5094-002	92,869.00	7-1-2015	6-30-2016		
On-behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	495-034-5094-001	110,580.00	7-1-2015	6-30-2016		
On-behalf T.P.A.F. Non-Contributory Insurance	495-034-5094-045	4,407.00	7-1-2015	6-30-2016		
Total General Fund (Non-Cash Assistance)					-	-
Total State Financial Assistance					\$ (235,185.54)	\$ -

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

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

Cash Received	Adjustments (A)	Total Budgetary Expenditures	Passed- Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo	
					Accounts Receivable	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable 6/30/2016	Cumulative Total Expenditures
\$ 1,394,860.11	\$ (1.00)	\$ 1,536,364.00			\$ (141,504.89)			\$ (141,504.89)	\$ 1,536,364.00
150,932.18									
167,228.13		184,193.00			(16,964.87)			(16,964.87)	184,193.00
18,093.66									
5,551.79		6,115.00			(563.21)			(563.21)	6,115.00
600.69									
150,521.93		165,792.00			(15,270.07)			(15,270.07)	165,792.00
15,535.63									
3,077.77		3,390.00			(312.23)			(312.23)	3,390.00
333.00									
3,077.77		3,390.00			(312.23)			(312.23)	3,390.00
333.00									
1,910,145.66	\$ (1.00)	1,899,244.00	\$ -	\$ -	(174,927.50)	\$ -	\$ -	(174,927.50)	1,899,244.00
1,828.50		2,014.00			(185.50)			(185.50)	2,014.00
197.84									
174.00									
2,200.34	-	2,014.00	-	-	(185.50)	-	-	(185.50)	2,014.00
		47,280.00			(47,280.00)				47,280.00
40,397.00									
40,397.00	-	47,280.00	-	-	(47,280.00)	-	-	-	47,280.00
71,532.77		88,502.85			(16,970.08)				88,502.85
8,490.59									
80,023.36	-	88,502.85	-	-	(16,970.08)	-	-	-	88,502.85
2,032,766.36	(1.00)	2,037,040.85	-	-	(239,363.08)	-	-	(175,113.00)	2,037,040.85
73,015.00	-	73,015.00	-	-	-	-	-	-	73,015.00
561.22		602.35			(41.13)				602.35
97.95									
659.17	-	602.35	-	-	(41.13)	-	-	-	602.35
2,106,440.53	(1.00)	2,110,658.20	-	-	(239,404.21)	-	-	(175,113.00)	2,110,658.20
92,869.00		92,869.00							92,869.00
110,580.00		110,580.00							110,580.00
4,407.00		4,407.00							4,407.00
207,856.00	-	207,856.00	-	-	-	-	-	-	207,856.00
\$ 2,314,296.53	\$ (1.00)	\$ 2,318,514.20	\$ -	\$ -	\$ (239,404.21)	\$ -	\$ -	\$ (175,113.00)	\$ 2,318,514.20

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Laurel Springs School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

There is no net adjustment required to reconcile expenditures from the budgetary basis to the GAAP basis for the general fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$2,346.53 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,251,403.40	\$ 2,251,403.40
Special Revenue	\$ 132,293.58		132,293.58
Debt Service		73,015.00	73,015.00
Food Service	<u>27,456.21</u>	<u>602.35</u>	<u>28,058.56</u>
Total Awards and Financial Assistance	<u>\$ 159,749.79</u>	<u>\$ 2,325,020.75</u>	<u>\$ 2,484,770.54</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent rounding adjustments.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs and non-contributory insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

N/A - NOT REQUIRED

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____ \$

Auditee qualified as low-risk auditee? _____ yes _____ no

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-068</u>	<u>School Choice Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes no

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2016-001

Criteria or Specific Requirement

N.J.S.A. 18A:18A-5(a)(1) states that for the award of professional services, a board of education shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in an official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the board of education.

Condition

The District failed to advertise its professional service contracts as required by N.J.S.A. 18A:18A-5(a)(1).

Questioned Costs

N/A – None

Context

Our test of professional services contracts awarded by the District disclosed that 100% of those tested were not advertised as required by N.J.S.A. 18A:18A-5(a)(1).

Effect

The District did not comply with N.J.S.A. 18A:18A-5(a)(1) requirements.

Cause

Client oversight

Recommendation

That the District advertise its professional service contracts as required by N.J.S.A. 18A:18A-5(a)(1).

View of Responsible Officials and Planned Corrective Action

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

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

N/A - None (Federal Single Audit was not required)

BOROUGH OF LAUREL SPRINGS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

N/A - None

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

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001

Condition

The District failed to advertise its professional service contracts as required by N.J.S.A. 18A:18A-5(a)(1).

Current Status

The condition continues to exist. See Finding No. 2016-001.

Planned Corrective Action

See District's corrective action plan for details.

Finding No. 2015-002

Condition

The District did not provide certain secondary market disclosures in compliance with Securities and Exchange Commission Rule 15c2-12 as required by a Board resolution adopted on May 16, 2007.

Current Status

The condition has been corrected.

FEDERAL AWARDS

N/A - None

STATE FINANCIAL ASSISTANCE PROGRAMS

N/A - None

