

SPRING LAKE HEIGHTS SCHOOL DISTRICT

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SPRING LAKE HEIGHTS SCHOOL DISTRICT

SPRING LAKE HEIGHTS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

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JOHN W. SPALTHOFF
SUPERINTENDENT/PRINCIPAL

MATTHEW K. VARLEY, C.P.A.
BUSINESS ADMINISTRATOR/BOARD SECRETARY

December 1, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Spring Lake Heights School District ("District") for the fiscal year ending June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Spring Lake Heights Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial disclosures necessary to enable the reader to gain an understanding of the District's financial activities.

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 05-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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



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

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

Ruth Ziznewski, the Superintendent, retired in August 2011 after 5 years of service. Robert Mahon accepted the role of Interim Superintendent while the Board did a Superintendent's Search. Mr. Mahon stayed with the district and guided the Board through negotiations with the Spring Lake Heights Education Association and the Superintendent's search. A Memorandum of Agreement was reached but not ratified; and a new Superintendent, Dr. James McCartney, was successfully hired. Dr. James McCartney left his position as Superintendent at the end of July, 2017. After interviews were conducted, John W. Spalthoff was successfully hired as Superintendent/Principal beginning August 1, 2017.

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

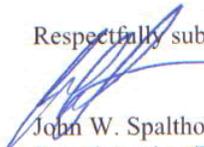
The average daily enrollment for the 2016-2017 school year was 344.54 and the average daily attendance was 327.98. This reflects a decrease in the average daily enrollment of 344.54 students.

The Board continued the practice of placing money in reserves. They passed resolutions in June 2017 to add \$425,000 to the districts Capital Reserve, \$200,000 to Maintenance Reserve and \$100,000 to Tuition Reserve. These reserves should help to continue the District's financial stability in the future.

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

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

Respectfully submitted,

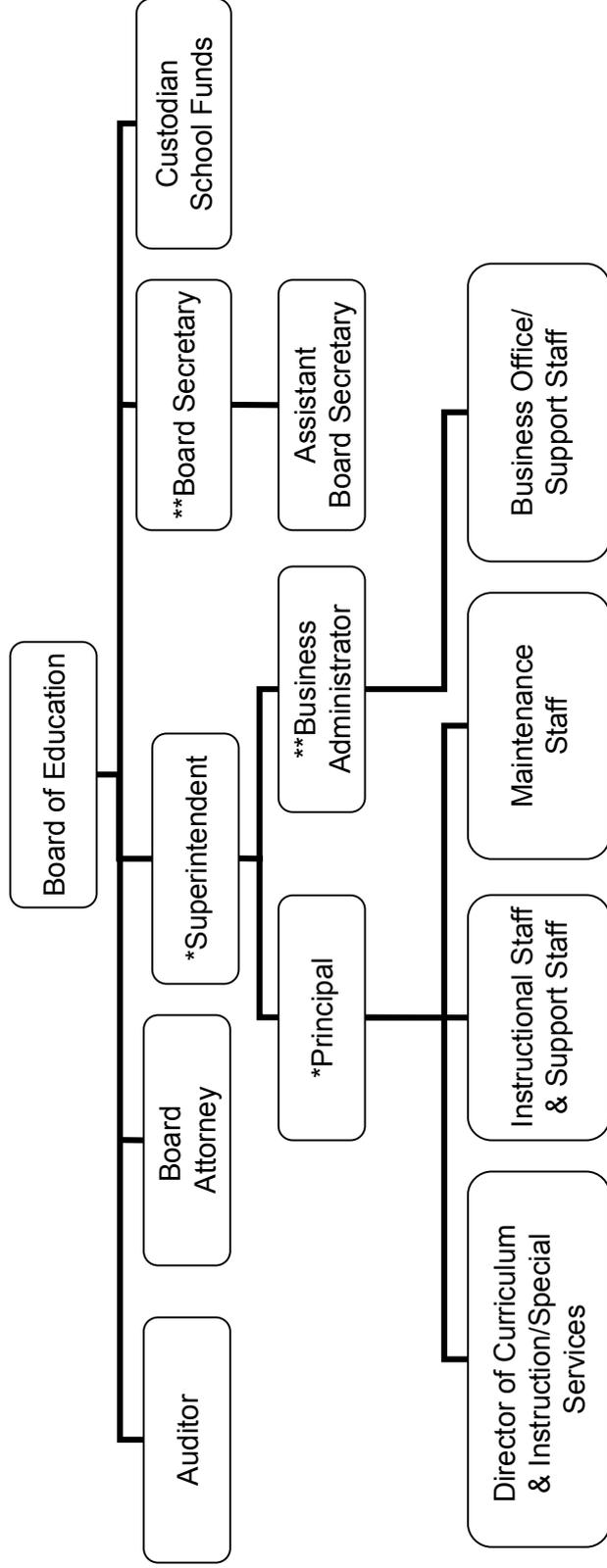


John W. Spalthoff
Superintendent/Principal



Matthew Varley
Business Administrator

Spring Lake Heights Board of Education Unit Control District Organizational Chart



* Position filled by one person

** Position filled by one person

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

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

ROSTER OF OFFICIALS

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Michael J. Forrester, President	2017
Michele Degnan-Spang, Vice President	2019
Anne McGarry	2019
Erik Gardner	2018
James McCarthy	2018

OTHER OFFICIALS

Dr. James McCartney, Superintendent of Schools (Employment ended 7/31/17)

John W. Spalthoff, Superintendent/Principal (Employment began 8/1/17)

Matthew Varley, Business Administrator/Board Secretary

Cindy Barr-Rague, Treasurer of School Funds

McOmer & McOmer, Attorney

SPRING LAKE HEIGHTS SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

TD Bank
Cherry Hill, New Jersey 08034

Investors Savings Bank
Short Hills, New Jersey 07078

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2017, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the, Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Heights School District, County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Spring Lake Heights School District's basic financial statements. The 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 New Jersey OMB's Circular 15-08, *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 and related major fund supporting statements and schedules, and the 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 other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 01, 2017 on our consideration of the 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 01, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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

MONMOUTH COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Unaudited)**

Introduction

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

Basic Financial Statements

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

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

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

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- General revenues accounted for \$9,145,687.71 or 93.03% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$684,811.26 or 6.97% of total revenue of \$9,830,498.97.
- Total net position increased by \$552,632.09.
- The School District had \$9,277,866.88 in expenses; \$684,811.26 of these expenses were offset by program specific charges for services and operating grants and contributions. Total revenues of \$9,830,498.97, together with Fund Balance, were adequate to provide for these programs.
- The General Fund had a total fund balance of \$2,013,375.58.

Using this General Accepted Accounting Principles Report (GAAP)

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2017 and 2016.

Table 1

Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Cash and Cash Equivalents	\$ 2,180,268.20	\$ 1,599,495.93
Receivables, Net	28,821.75	17,743.30
Inventory	1,182.58	2,505.85
Capital Assets, Net	6,198,603.70	6,404,650.24
Total Assets	<u>8,408,876.23</u>	<u>8,024,395.32</u>
Deferred Outflows of Resources:		
Pension Related	796,554.00	154,038.00
	<u>796,554.00</u>	<u>154,038.00</u>
Total Assets and Deferred Outflow of Resources	9,205,430.23	8,178,433.32
Liabilities:		
Accounts Payable	196,357.00	69,603.08
Accrued Expenses	31,875.00	37,875.00
Due to Other Governments	50,621.00	-
Unearned Revenue	3,463.15	1,970.30
Noncurrent Liabilities:		
Due Within One Year	439,985.95	424,985.95
Due Beyond One Year	3,814,100.77	3,464,148.72
Total Liabilities	<u>4,536,402.87</u>	<u>3,998,583.05</u>
Deferred Inflow of Resources:		
Pension Related	159,072.00	222,527.00
	<u>159,072.00</u>	<u>222,527.00</u>
Total Liabilities and Deferred Inflow of Resources	4,695,474.87	4,221,110.05
Net Position:		
Net Investment in		
Capital Assets	3,948,673.98	2,556,095.57
Restricted for:		
Debt Service	1.33	(37,873.67)
Capital Projects	1,025,000.00	-
Maintenance Reserve	480,592.46	-
Tuition Reserve	200,000.00	-
Excess Surplus	28,029.31	-
Other Purposes	-	1,203,635.65
Unrestricted	(1,172,341.72)	235,465.72
Total Net Position	<u>\$ 4,509,955.36</u>	<u>\$ 3,957,323.27</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2017 and 2016.

Table 2

Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 235,369.11	\$ 222,492.95
Operating Grants and Contributions	449,442.15	1,468,527.17
General Revenues:		
Property Taxes	8,425,098.00	8,189,194.00
Grants and Entitlements	696,265.05	310,765.00
Other	<u>24,324.66</u>	<u>25,447.85</u>
Total Revenues	<u>9,830,498.97</u>	<u>10,216,426.97</u>
<u>Program Expenses</u>		
Instruction	2,505,692.29	2,502,495.88
Support Services:		
Pupils and Instructional Staff	3,071,412.92	2,972,275.36
General Administration, School Administration, Business Operations and Maintenance of Facilities	1,030,445.88	1,020,634.36
Pupil Transportation	369,975.95	348,838.22
Employee Benefits	1,804,372.53	2,244,525.36
Business-Type Activities	118,976.60	92,330.37
Other	<u>376,990.71</u>	<u>407,400.39</u>
Total Expenses	<u>9,277,866.88</u>	<u>9,588,499.94</u>
Increase/(Decrease) in Net Position	<u>\$ 552,632.09</u>	<u>\$ 627,927.03</u>

Governmental Activities

Annually, on the first Tuesday in November, the voters of New Jersey get an opportunity to voice their opinion on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process if the Board of Education decides to exceed the 2% cap. Over the last two budget cycles, the Board of Education has remained well within the 2% tax cap levy. The District remains as a minimum tax levy district. Property taxes made up 86.66% of revenues for governmental activities for the Spring Lake Heights Borough School District for fiscal year 2016-2017.

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

Table 3

	2017		2016	
	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>	Total Cost of <u>Services</u>	Net Cost of <u>Services</u>
Instruction	\$ 2,505,692.29	\$ 2,226,032.03	\$ 2,502,495.88	\$ 2,204,005.24
Support Services:				
Pupils and Instructional Staff	3,071,412.92	3,054,703.92	2,972,275.36	2,957,764.36
General Administration, School Administration, Business	532,700.74	532,700.74	498,353.23	498,353.23
Operation and Maintenance of Facilities	497,745.14	497,745.14	522,281.13	522,281.13
Pupil Transportation	369,975.95	89,895.95	348,838.22	326,093.22
Employee Benefits	1,804,372.53	1,804,372.53	2,244,525.36	981,697.68
Other	376,990.71	376,990.71	407,400.39	407,400.39
Total Expenses	<u>\$ 9,158,890.28</u>	<u>\$ 8,582,441.02</u>	<u>\$ 9,496,169.57</u>	<u>\$ 7,897,595.25</u>

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

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

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

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

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

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

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

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

Other includes unallocated depreciation, amortization, and Interest & Other charges.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,722,136.97, and expenditures of \$9,253,800.69.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental fund for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015/16</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 8,596,882.16	88.43%	\$ 229,300.30	2.74%
State Sources	978,852.81	10.07%	73,800.13	8.15%
Federal Sources	<u>146,402.00</u>	<u>1.51%</u>	<u>(13,659.63)</u>	<u>-8.53%</u>
Total	<u>\$ 9,722,136.97</u>	<u>100.00%</u>	<u>\$ 289,440.80</u>	<u>6.10%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, & Debt Service Fund expenditures for the fiscal year ended June 30, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2015/16</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 2,504,932.29	27.07%	\$ 5,176.41	0.21%
Undistributed Expenditures	6,142,379.28	66.38%	234,849.32	3.98%
Debt Service:				
Principal	400,000.00	4.32%	15,000.00	0.00%
Interest & Other Charges	130,396.00	1.41%	13,996.00	0.00%
Capital Outlay	<u>76,093.12</u>	<u>0.82%</u>	<u>46,697.12</u>	<u>158.86%</u>
Total	<u>\$ 9,253,800.69</u>	<u>100.00%</u>	<u>\$ 315,718.85</u>	<u>3.97%</u>

General Fund Budgeting Highlights

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

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

Capital Assets

At the end of the fiscal year 2017, the School District had \$6,171,764.92 invested in land, buildings, equipment, and machinery.

Table 4

Capital Assets at June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Land	\$ 5,000.00	\$ 5,000.00
Improvements	416,454.85	416,454.85
Building and Improvements	9,954,231.00	9,954,231.00
Equipment	901,766.87	825,673.75
Less: Accumulated Depreciation	<u>(5,078,849.02)</u>	<u>(4,796,709.36)</u>
Total	<u>\$ 6,198,603.70</u>	<u>\$ 6,404,650.24</u>

Debt Administration

At June 30, 2017, the Spring Lake Heights Borough School District had \$2,125,000.00 in outstanding bonds and \$41,340.00 for Compensated Absences.

At June 30, 2017, the School District's overall legal debt margin was \$32,138,142.71.

Current Financial Issues and Concerns

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

The Spring Lake Heights School Board passed resolutions in June 2017 to fund Tuition Reserve, Capital Reserve and Maintenance Reserve to further aid in the School District's financial stability.

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

Contacting the School District's Financial Management Team

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

Basic Financial Statements

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A. Government-Wide Financial Statements

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Cash and Cash Equivalents	\$ 467,982.42	\$ 6,693.32	\$ 474,675.74
Receivables, Net (Note 4)	27,632.02	1,189.73	28,821.75
Internal Balances	3,000.00	(3,000.00)	-
Inventory	-	1,182.58	1,182.58
Restricted Cash and Cash Equivalents	1,705,592.46	-	1,705,592.46
Capital Assets, Non-Depreciable (Note 5)	5,000.00	-	5,000.00
Capital Assets, Depreciable, Net (Note 5)	6,166,764.92	26,838.78	6,193,603.70
Total Assets	8,375,971.82	32,904.41	8,408,876.23
Deferred Outflows of Resources:			
Deferred Outflows Related to Pensions	796,554.00	-	796,554.00
Total Deferred Outflows of Resources	796,554.00	-	796,554.00
Total Assets and Deferred Outflow of Resources	9,172,525.82	32,904.41	9,205,430.23
Liabilities:			
Accounts Payable	190,129.99	6,227.01	196,357.00
Accrued Expenses	31,875.00	-	31,875.00
Due to Other Governments	50,621.00	-	50,621.00
Unearned Revenue	700.00	2,763.15	3,463.15
Noncurrent Liabilities (Note 7):			
Due Within One Year	439,985.95	-	439,985.95
Due Beyond One Year	3,814,100.77	-	3,814,100.77
Total Liabilities	4,527,412.71	8,990.16	4,536,402.87
Deferred Inflows of Resources:			
Deferred Inflows Related to Pensions (Note 8)	159,072.00	-	159,072.00
Total Deferred Inflows of Resources	159,072.00	-	159,072.00
Total Liabilities and Deferred Inflow of Resources	4,686,484.71	8,990.16	4,695,474.87
Net Position:			
Net Investment in			
Capital Assets	3,921,835.20	26,838.78	3,948,673.98
Restricted for:			
Capital Projects	1,025,000.00	-	1,025,000.00
Debt Service	1.33	-	1.33
Maintenance Reserve	480,592.46	-	480,592.46
Tuition Reserve	200,000.00	-	200,000.00
Excess Surplus	28,029.31	-	28,029.31
Unrestricted (Deficit)	(1,169,417.19)	(2,924.53)	(1,172,341.72)
Total Net Position	\$ 4,486,041.11	\$ 23,914.25	\$ 4,509,955.36

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS JUNE 30, 2017
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
GOVERNMENTAL ACTIVITIES					
Instruction:					
Regular	\$ 1,770,626.29	\$ 147,459.50	\$ 132,200.76	\$ (1,490,966.03)	\$ (1,490,966.03)
Special Education	582,155.60	-	-	(582,155.60)	(582,155.60)
Other Special Instruction	83,187.00	-	-	(83,187.00)	(83,187.00)
Other Instruction	69,723.40	-	-	(69,723.40)	(69,723.40)
Support Services:					
Tuition	2,443,604.06	-	-	(2,443,604.06)	(2,443,604.06)
Student and Instruction Related Services	627,808.86	-	16,709.00	(611,099.86)	(611,099.86)
General and Business Administrative Services	273,321.63	-	-	(273,321.63)	(273,321.63)
School Administrative Services	121,051.93	-	-	(121,051.93)	(121,051.93)
Central Services	138,327.18	-	-	(138,327.18)	(138,327.18)
Administrative Information Technology	942.52	-	-	(942.52)	(942.52)
Plant Operations and Maintenance	496,802.62	-	-	(496,802.62)	(496,802.62)
Pupil Transportation	369,975.95	-	280,080.00	(89,895.95)	(89,895.95)
Employee Benefits	1,804,372.53	-	-	(1,804,372.53)	(1,804,372.53)
Interest & Other Changes to Long-Term Debt	99,410.05	-	-	(99,410.05)	(99,410.05)
Unallocated Depreciation and Amortization	277,580.66	-	-	(277,580.66)	(277,580.66)
Total Government Activities	9,158,890.28	147,459.50	428,989.76	(8,582,441.02)	(8,582,441.02)
BUSINESS-TYPE ACTIVITIES					
Food Service	118,976.60	87,909.61	20,452.39	-	(10,614.60)
Total Business-Type Activities	118,976.60	87,909.61	20,452.39	-	(10,614.60)
Total Primary Government	\$ 9,277,866.88	\$ 235,369.11	\$ 449,442.15	(8,582,441.02)	(8,593,055.62)

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	JUNE 30, 2017
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				7,924,098.00	-	7,924,098.00
Taxes Levied for Debt Service				501,000.00	-	501,000.00
Federal & State Aid Not Restricted				696,265.05	-	696,265.05
Miscellaneous Income				24,324.66	-	24,324.66
Total General Revenues				9,145,687.71	-	9,145,687.71
Change In Net Position				563,246.69	(10,614.60)	552,632.09
Net Position - Beginning				3,922,794.42	34,528.85	3,957,323.27
Net Position - Ending				\$ 4,486,041.11	\$ 23,914.25	\$ 4,509,955.36

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B. Fund Financial Statements

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Governmental Funds

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	\$ 466,686.85	\$ 1,294.24	\$ 1.33	\$ 467,982.42
Receivables From Other Governments:				
State	27,632.02	-	-	27,632.02
Due From Other Funds	3,000.00	-	-	3,000.00
Restricted Cash and Cash Equivalents	1,705,592.46	-	-	1,705,592.46
Total Assets	\$ 2,202,911.33	\$ 1,294.24	\$ 1.33	\$ 2,204,206.90
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 188,835.75	\$ 1,294.24	\$ -	\$ 190,129.99
Unearned Revenue	700.00	-	-	700.00
Total Liabilities	189,535.75	1,294.24	-	190,829.99
Fund Balances:				
Restricted:				
Capital Reserve	1,025,000.00	-	-	1,025,000.00
Maintenance Reserve	480,592.46	-	-	480,592.46
Tuition Reserve	200,000.00	-	-	200,000.00
Debt Service Fund	-	-	1.33	1.33
Current Year Excess Surplus	4,986.12	-	-	4,986.12
Prior Year Excess Surplus				
Designated for Subsequent Year's Expenditures	23,043.19	-	-	23,043.19
Assigned:				
Other Purposes	20,100.00	-	-	20,100.00
Designated for Subsequent Year's Expenditures	11,830.81	-	-	11,830.81
Unassigned	247,823.00	-	-	247,823.00
Total Fund Balances	2,013,375.58	-	1.33	2,013,376.91
Total Liabilities and Fund Balances	\$ 2,202,911.33	\$ 1,294.24	\$ 1.33	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,162,860.97 and the accumulated depreciation is \$4,991,096.05.	6,171,764.92
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	796,554.00
Deferred Inflows related to pensions	(159,072.00)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(50,621.00)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,254,086.72)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(31,875.00)
Net Position of Governmental Activities	\$ 4,486,041.11

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 7,924,098.00	\$ -	\$ 501,000.00	\$ 8,425,098.00
Tuition - From Individuals	147,459.50	-	-	147,459.50
Other	24,324.66	-	-	24,324.66
Total - Local Sources	<u>8,095,882.16</u>	<u>-</u>	<u>501,000.00</u>	<u>8,596,882.16</u>
State Sources	976,345.05	2,507.76	-	978,852.81
Federal Sources	-	146,402.00	-	146,402.00
Total Revenues	<u>9,072,227.21</u>	<u>148,909.76</u>	<u>501,000.00</u>	<u>9,722,136.97</u>
Expenditures:				
Current:				
Regular Instruction	1,637,665.53	132,200.76	-	1,769,866.29
Special Education Instruction	582,155.60	-	-	582,155.60
Other Special Instruction	83,187.00	-	-	83,187.00
Other Instruction	69,723.40	-	-	69,723.40
Support Services and Undistributed Costs:				
Tuition	2,443,604.06	-	-	2,443,604.06
Student and Instruction Related Services	611,099.86	16,709.00	-	627,808.86
General Administration	273,321.63	-	-	273,321.63
School Administrative Services	121,051.93	-	-	121,051.93
Central Services	138,327.18	-	-	138,327.18
Administrative Information Technology	942.52	-	-	942.52
Plant Operations and Maintenance	496,802.62	-	-	496,802.62
Pupil Transportation	369,975.95	-	-	369,975.95
Employee Benefits	1,670,544.53	-	-	1,670,544.53
Debt Service:				
Interest and Other Charges	29,396.00	-	101,000.00	130,396.00
Principal	-	-	400,000.00	400,000.00
Capital Outlay	76,093.12	-	-	76,093.12
Total Expenditures	<u>8,603,890.93</u>	<u>148,909.76</u>	<u>501,000.00</u>	<u>9,253,800.69</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>468,336.28</u>	<u>-</u>	<u>-</u>	<u>468,336.28</u>
Net Change in Fund Balances	468,336.28	-	-	468,336.28
Fund Balance - July 1	<u>1,545,039.30</u>	<u>-</u>	<u>1.33</u>	<u>1,545,040.63</u>
Fund Balance - June 30	<u>\$ 2,013,375.58</u>	<u>\$ -</u>	<u>\$ 1.33</u>	<u>\$ 2,013,376.91</u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	468,336.28
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current fiscal year.		
Depreciation Expense	(277,580.66)	
Capital Outlay	<u>76,093.12</u>	(201,487.54)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
		(133,828.00)
Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		400,000.00
Bond discounts and bond premiums are amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the governmental funds.		
		24,985.95
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
Current Year	(41,340.00)	
Prior Year	<u>40,580.00</u>	(760.00)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation.		
Current Year	(31,875.00)	
Prior Year	<u>37,875.00</u>	<u>6,000.00</u>
Change in Net Position of Governmental Activities		<u><u>\$ 563,246.69</u></u>

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

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Proprietary Funds

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 6,693.32
Intergovernmental Receivables:	
State	34.44
Federal	524.76
Due From Students	630.53
Inventory	1,182.58
	9,065.63
Total - Current Assets	9,065.63
Noncurrent Assets:	
Furniture, Machinery and Equipment	114,591.75
Less:	
Accumulated Depreciation	(87,752.97)
	26,838.78
Total - Noncurrent Assets	26,838.78
Total Assets	35,904.41
Liabilities:	
Accounts Payable	6,227.01
Due to General Fund	3,000.00
Unearned Revenue	2,763.15
	11,990.16
Total - Liabilities	11,990.16
Net Position:	
Net Investment in Capital Assets	26,838.78
Unrestricted	(2,924.53)
	23,914.25
Total Net Position	\$ 23,914.25

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u> FOOD SERVICE
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 55,850.81
Daily Sales - Non-Reimbursable Programs	32,058.80
	<hr/>
Total Operating Revenues	87,909.61
	<hr/>
Operating Expenses:	
Salaries	30,171.76
Employee Benefits	4,466.51
Purchased Professional/Technical Services	20,326.06
Other Purchased Services	5,259.71
Depreciation	4,559.00
Miscellaneous Expense	4,158.69
Supplies and Materials	3,957.03
Cost of Goods Sold - Reimbursable	30,411.37
Cost of Goods Sold - Non-Reimbursable	15,666.47
	<hr/>
Total Operating Expenses	118,976.60
	<hr/>
Operating Income (Loss)	(31,066.99)
	<hr/>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	774.36
Federal Sources:	
National School Lunch Program	12,094.94
Food Distribution Program	7,583.09
	<hr/>
Total Nonoperating Revenues	20,452.39
	<hr/>
Change in Net Position	(10,614.60)
	<hr/>
Total Net Position - Beginning	34,528.85
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Total Net Position - Ending	\$ 23,914.25
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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 89,234.44
Payments To Employees	(34,638.27)
Payments To Suppliers	(64,313.22)
	<hr/>
Net Cash Provided By/(Used For) Operating Activities	(9,717.05)
	<hr/>
Cash Flows From Noncapital Financing Activities:	
State Sources	778.54
Federal Sources	12,201.77
	<hr/>
Net Cash Provided By Noncapital Financing Activities	12,980.31
	<hr/>
Net Increase in Cash and Cash Equivalents	3,263.26
Balance - Beginning of Year	3,430.06
	<hr/>
Balance - End of Year	\$ 6,693.32
	<hr/> <hr/>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Income/(Loss):	\$ (31,066.99)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Depreciation	4,559.00
(Increase)/Decrease in Accounts Receivable	1.56
Increase/(Decrease) in Unearned Revenue	792.85
(Increase)/Decrease in Inventories	1,323.27
Increase/(Decrease) in Interfund Payable	3,000.00
Increase/(Decrease) in Accounts Payable	4,090.17
	<hr/>
Total Adjustments	21,349.94
	<hr/>
Net Cash Provided By/(Used For) Operating Activities	\$ (9,717.05)
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Fiduciary Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION TRUST	AGENCY FUND	TOTALS
Assets:			
Cash and Cash Equivalents	\$ 15,133.15	\$ 8,938.70	\$ 24,071.85
Total Assets	15,133.15	8,938.70	24,071.85
Liabilities:			
Payable To Student Groups	-	8,927.70	8,927.70
Payroll Deductions and Withholdings	-	11.00	11.00
Total Liabilities	-	8,938.70	8,938.70
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	15,133.15	-	15,133.15
Total Net Position	15,133.15	-	15,133.15
Total Liabilities and Net Position	\$ 15,133.15	\$ 8,938.70	\$ 24,071.85

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Spring Lake Heights School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Spring Lake Heights School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelfth at its five schools. The School District has an approximate enrollment at June 30, 2017 of 332 students.

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

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

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

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

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

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

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

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

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

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from state and federal government, other than major capital projects, debt service or proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

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 the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. Proprietary Fund Financial Statements

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

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

The School District reports the following major proprietary funds:

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

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Tuition Receivable/Payable

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

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

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 assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred Loss on Refunding Debt

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF'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.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of 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 – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

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*. The adoption of this Statement had no impact on the School District's financial statements.

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 adoption of this Statement had no impact on the School District's financial statements.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

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. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 1. Summary of Significant Accounting Policies (continued)

December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$2,300,170.69 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 2,272,617.97
Uninsured and Uncollateralized	<u>27,552.72</u>
	<u>\$ 2,300,170.69</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts

Capital Reserve

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

Funds placed in the capital reserve account are restricted to capital projects in the 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 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 either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 600,000.00
Increased by:	
Deposits approved by Board	<u>425,000.00</u>
Ending Balance, June 30, 2017	<u>\$ 1,025,000.00</u>

Maintenance Reserve

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 380,592.46
Increased by:	
Deposits approved by Board	<u>200,000.00</u>
	580,592.46
Decreased by:	
Budget Withdrawals	<u>(100,000.00)</u>
Ending Balance, June 30, 2017	<u>\$ 480,592.46</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 3. Reserve Accounts (continued):

Tuition Reserve

The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the Tuition Reserve Account are restricted for a foreseeable future tuition adjustment.

The activity of the Tuition Reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 200,000.00
Increased by:	
Deposits approved by Board	<u>100,000.00</u>
	300,000.00
Decreased by:	
Budget Withdrawals	<u>(100,000.00)</u>
Ending Balance, June 30, 2017	<u>\$ 200,000.00</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards	\$ -	\$ -	\$ 524.76	\$ 524.76
State Awards	27,632.02	27,632.02	34.44	34.44
Other	-	-	630.53	630.53
Total	<u>\$ 27,632.02</u>	<u>\$ 27,632.02</u>	<u>\$ 1,189.73</u>	<u>\$ 1,189.73</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00
Total Capital Assets not being depreciated	<u>5,000.00</u>	<u>-</u>	<u>-</u>	<u>5,000.00</u>
Capital Assets being depreciated:				
Land Improvements	416,454.85	-	-	416,454.85
Buildings and Improvements	9,954,231.00	-	-	9,954,231.00
Equipment	711,082.00	76,093.12	-	787,175.12
Total Capital Assets being depreciated	<u>11,081,767.85</u>	<u>76,093.12</u>	<u>-</u>	<u>11,157,860.97</u>
Less: Accumulated Depreciation:				
Land Improvements	(183,176.19)	(20,822.74)	-	(203,998.93)
Buildings and Improvements	(3,862,557.54)	(248,855.77)	-	(4,111,413.31)
Equipment	(667,781.66)	(7,902.15)	-	(675,683.81)
Total Accumulated Depreciation	<u>(4,713,515.39)</u>	<u>(277,580.66)</u>	<u>-</u>	<u>(4,991,096.05)</u>
Total Capital Assets being depreciated, net	<u>6,368,252.46</u>	<u>(201,487.54)</u>	<u>-</u>	<u>6,166,764.92</u>
Total Governmental Activities Capital Assets, net	<u>\$ 6,373,252.46</u>	<u>\$ (201,487.54)</u>	<u>\$ -</u>	<u>\$ 6,171,764.92</u>
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 114,591.75	\$ -	\$ -	\$ 114,591.75
	<u>114,591.75</u>	<u>-</u>	<u>-</u>	<u>114,591.75</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	-	-	-	-
Equipment	(83,193.97)	(4,559.00)	-	(87,752.97)
	<u>(83,193.97)</u>	<u>(4,559.00)</u>	<u>-</u>	<u>(87,752.97)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 31,397.78</u>	<u>\$ (4,559.00)</u>	<u>\$ -</u>	<u>\$ 26,838.78</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,000.00	
Food Service Fund		3,000.00
	<u>\$ 3,000.00</u>	<u>\$ 3,000.00</u>

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

The District did not have Interfund transfers during the school year.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,525,000.00	\$ -	\$ 400,000.00	\$ 2,125,000.00	\$ 415,000.00
Unamortized Bond Premiums	149,915.67	-	24,985.95	124,929.72	24,985.95
Compensated Absences	40,580.00	1,440.00	680.00	41,340.00	-
Net Pension Liability	1,173,639.00	789,178.00	-	1,962,817.00	-
	<u>\$ 3,889,134.67</u>	<u>\$ 790,618.00</u>	<u>\$ 425,665.95</u>	<u>\$ 4,254,086.72</u>	<u>\$ 439,985.95</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, unamortized bond premiums and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On December 1, 2010, the School District issued \$4,065,000 of Refunding Bonds. The Refunding Bonds were issued at an interest rates varying from 2% to 4% and mature on February 15, 2022.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 7. Long-Term Obligations (continued):

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	415,000.00	85,000.00	500,000.00
2019	435,000.00	68,400.00	503,400.00
2020	430,000.00	51,000.00	481,000.00
2021	425,000.00	33,800.00	458,800.00
2022	420,000.00	16,800.00	436,800.00
	<u>\$ 2,125,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 2,380,000.00</u>

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th 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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued):

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

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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$1,962,817 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0066273015%, which was an increase of 0.0013990431% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$192,699 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 36,502	\$ -
Changes of Assumptions	406,591	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	74,844	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	227,996	159,072
School District contributions subsequent to measurement date	<u>50,621</u>	
	<u>\$ 796,554</u>	<u>\$ 159,072</u>

\$50,621 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**Year Ending
June 30,**

2018	\$ 114,437
2019	114,435
2020	130,710
2021	132,570
2022	<u>94,707</u>
	<u>\$ 586,859</u>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

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 Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% 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-percentage point lower or 1-percentage point higher than the current rate:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 2,405,203</u>	<u>\$ 1,962,817</u>	<u>\$ 1,597,589</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued):

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

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. 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.

Contributions - The contribution policy for TPAF 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 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was 17,940,492. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0228057973% which was an increase of 0.0001617514% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$1,347,978 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 8. Pension Plans (continued):

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 21,424,957	\$ 17,940,492	\$ 15,094,977
	<u>\$ 21,424,957</u>	<u>\$ 17,940,492</u>	<u>\$ 15,094,977</u>

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 fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued):

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$10,701.28, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$5,111.33.

Note 9. State Post-Retirement Medical Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$242,017, \$201,656 and \$588, 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. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 12,941.65	\$ 1.70	\$ 5,270.47	\$ 15,133.15
2015-2016	-	5,746.87	5.69	8,096.44	7,460.27
2014-2015	-	11,459.85	13.85	21,506.73	9,804.15

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

Joint Insurance Pool – The School District also participates in the Monmouth County Insurance Pool Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Economic Dependency – The School District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

Note 13. Deferred Compensation

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

Lincoln Investment Planning
Variable Annuity Life Insurance Company
AXA Equitable
Merrill Lynch
Siracusa
Valic Investments
Midland National

Note 14. 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 are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

Note 14. Compensated Absences (continued):

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide was \$41,340.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$4,986.12.

Note 17. Fund Balances

General Fund – Of the \$2,013,184.58 General Fund fund balance at June 30, 2017, \$1,025,000.00 has been restricted for the Capital Reserve Account; \$480,592.46 has been restricted for the Maintenance Reserve Account; \$200,000.00 has been restricted for the Tuition Reserve Account; \$4,986.12 has been restricted for current year excess surplus; \$23,043.19 has been restricted from prior year excess surplus – designated for subsequent year's expenditures; \$20,100.00 has been assigned to other purposes; \$11,830.81 has been assigned - designated for subsequent year's expenditures; and \$247,823.00 has been unassigned.

Debt Service Fund – Of the \$1.33 Debt Service Fund fund balance at June 30, 2017, \$1.33 is restricted for future debt service payments.

SPRING LAKE HEIGHTS SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017 (continued)**

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$1,169,417.16 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties. The School District business-type activities had a deficit in unrestricted net position in the amount of \$2,924.53 at June 30, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,924,098.00	\$ -	\$ 7,924,098.00	\$ 7,924,098.00	\$ -
Tuition	127,800.00	-	127,800.00	147,459.50	19,659.50
Unrestricted Miscellaneous Revenues	9,586.00	-	9,586.00	24,324.66	14,738.66
Total Local Sources	8,061,484.00	-	8,061,484.00	8,095,882.16	34,398.16
State Sources:					
Categorical Special Education Aid	24,559.00	-	24,559.00	24,559.00	-
Categorical Security Aid	9,257.00	-	9,257.00	9,257.00	-
Categorical Transportation Aid	279,783.00	-	279,783.00	279,783.00	-
Extraordinary Aid	-	-	-	27,335.00	27,335.00
Nonpublic School Transportation Aid	-	-	-	297.00	297.00
PARCC Readiness Aid	4,770.00	-	4,770.00	4,770.00	-
Per Pupil Growth Aid	4,770.00	-	4,770.00	4,770.00	-
Professional Learning Community Aid	4,410.00	-	4,410.00	4,410.00	-
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	242,017.00	242,017.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	201,656.00	201,656.00
TPAF Long Term Disability (On-Behalf - Non-Budgeted)	-	-	-	588.00	588.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	177,481.05	177,481.05
Total State Sources	327,549.00	-	327,549.00	976,923.05	649,374.05
Total Revenues	8,389,033.00	-	8,389,033.00	9,072,805.21	683,772.21

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL
EXPENDITURES				
Current Expense:				
Regular Programs - Instruction:				
Salaries of Teachers:				
Kindergarten	203,380.00	1.40	203,381.40	777.50
Grades 1-5	913,371.00	(47,873.77)	865,497.23	63,973.54
Grades 6-8	441,419.00	51,273.95	492,692.95	4,912.00
Regular Programs - Home Instruction:				
Salaries of Teachers	3,000.00	8,608.00	11,608.00	5,684.75
Other Purchased Services	21,500.00	(2,700.00)	18,800.00	12,004.28
General Supplies	115,000.00	23,893.61	138,893.61	7,462.44
Textbooks	10,000.00	(961.58)	9,038.42	8,491.57
Other Objects	3,500.00	(2,440.00)	1,060.00	-
Total Regular Programs - Instruction	1,711,170.00	29,801.61	1,740,971.61	103,306.08
Special Educ. - Instruction - Resource Room/Resource Center:				
Salaries of Teachers	561,662.00	24,389.60	586,051.60	3,896.00
General Supplies	500.00	(500.00)	-	-
Total Spec. Educ. - Instruction - Resource Room/Resource Center	562,162.00	23,889.60	586,051.60	3,896.00
Total Special Education - Instruction	562,162.00	23,889.60	586,051.60	3,896.00
Basic Skills/Remedial - Instruction:				
Salaries of Teachers	81,905.00	-	81,905.00	-
General Supplies	2,000.00	(2,000.00)	-	-
Total Basic Skills/Remedial - Instruction	83,905.00	(2,000.00)	81,905.00	-
School Sponsored Co/Extra-Curricular Activities - Instruction:				
Salaries	30,260.00	-	30,260.00	3,130.50
Purchased Services	2,000.00	-	2,000.00	2,000.00

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Sch. Sponsored Co/Extra-Curricular Activities - Instruction	32,260.00	-	32,260.00	27,129.50	5,130.50
School Sponsored Athletics - Instruction:					
Salaries	34,100.00	-	34,100.00	32,208.00	1,892.00
Purchased Services	7,000.00	-	7,000.00	4,832.00	2,168.00
Supplies and Materials	3,500.00	-	3,500.00	633.90	2,866.10
Other Objects	2,500.00	-	2,500.00	2,200.00	300.00
Total School Sponsored Athletics - Instruction	47,100.00	-	47,100.00	39,873.90	7,226.10
Other Instructional Programs - Instruction:					
Salaries	430.00	-	430.00	-	430.00
Purchased Services	3,000.00	-	3,000.00	2,720.00	280.00
Summer Instruction:					
Salaries - Summer Tutors	3,430.00	-	3,430.00	2,720.00	710.00
Total Bilingual Education - Instruction	-	1,712.00	1,712.00	1,282.00	430.00
Total - Instruction	2,440,027.00	53,403.21	2,493,430.21	2,372,731.53	120,698.68

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET			
Undist. Expend. - Instruction:						
Tuition To Other LEAs Within the State - Regular	1,602,631.00	6,848.60	1,609,479.60	1,609,479.60	-	
Tuition To Other LEAs Within the State - Special	209,146.00	42,132.85	251,278.85	251,278.85	-	
Tuition To County Vocational School District - Regular	168,480.00	-	168,480.00	146,640.00	21,840.00	
Tuition To County Vocational School District - Special	19,240.00	(10,000.00)	9,240.00	6,660.00	2,580.00	
Tuition To Private Schools for the Disabled Within State	643,312.00	(92,146.45)	551,165.55	429,545.61	121,619.94	
Tuition - Other	9,500.00	-	9,500.00	-	9,500.00	
Total Undist. Expend. - Instruction	2,652,309.00	(53,165.00)	2,599,144.00	2,443,604.06	155,539.94	
Undist. Expend. - Attendance and Social Work Services:						
Salaries	24,155.00	800.00	24,955.00	24,362.22	592.78	
Purchased Professional and Technical Services	6,000.00	732.00	6,732.00	6,732.00	-	
Total Undist. Expend. - Attendance and Social Work Services	30,155.00	1,532.00	31,687.00	31,094.22	592.78	
Undist. Expend. - Health Services:						
Salaries	55,739.00	-	55,739.00	55,739.00	-	
Purchased Professional and Technical Services	5,000.00	-	5,000.00	4,171.84	828.16	
Supplies and Materials	5,890.00	(4,032.00)	1,858.00	425.06	1,432.94	
Other Objects	300.00	-	300.00	165.00	135.00	
Total Undist. Expend. - Health Services	66,929.00	(4,032.00)	62,897.00	60,500.90	2,396.10	
Undist. Expend. - Speech, OT, PT & Related Svcs:						
Salaries	129,825.00	(1,683.00)	128,142.00	112,453.50	15,688.50	
Purchased Professional - Educational Services	3,000.00	2,080.00	5,080.00	5,080.00	-	
Total Undist. Expend. - Speech, OT, PT & Related Svcs.	132,825.00	397.00	133,222.00	117,533.50	15,688.50	
Undist. Expend. - Other Support Serv. Students - Extraord. Svc:						
Salaries	36,902.00	(831.60)	36,070.40	33,237.00	2,833.40	
Total Undist. Expend. - Other Supp. Serv. Stud. - Extraord. Svc.	36,902.00	(831.60)	36,070.40	33,237.00	2,833.40	

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL
Undist. Expend. - Guidance - Regular:				
Salaries Other Professional Staff	27,187.00	-	27,187.00	21,406.00
Other Purchased Professional and Technical Services	500.00	-	500.00	-
Supplies and Materials	500.00	-	500.00	-
Total Undist. Expend. - Guidance - Regular	28,187.00	-	28,187.00	21,406.00
Undist. Expend. - Child Study Teams:				
Salaries of Other Professional Staff	143,179.00	-	143,179.00	132,445.45
Salaries of Secretarial and Clerical Assistants	22,955.00	-	22,955.00	22,951.44
Other Purchased Professional and Technical Services	1,800.00	-	1,800.00	1,343.00
Other Purchased Services (400-500 series)	1,000.00	-	1,000.00	-
Miscellaneous Purchased Services (Other Than Resid. Costs)	9,500.00	-	9,500.00	5,613.08
Supplies and Materials	5,000.00	2,500.00	7,500.00	6,692.59
Total Undist. Expend. - Child Study Teams	183,434.00	2,500.00	185,934.00	169,045.56
Undist. Expend. - Improvement of Instructional Services:				
Salaries of Supervisors of Instruction	65,025.00	-	65,025.00	65,024.88
Total Undist. Expend. - Improvement of Instructional Services	65,025.00	-	65,025.00	65,024.88
Undist. Expend. - Educational Media/School Library:				
Salaries	59,064.00	0.20	59,064.20	58,701.70
Salaries of Technology Coordinators	67,500.00	-	67,500.00	38,632.50
Other Purchased Services	2,000.00	-	2,000.00	-
Supplies and Materials	6,000.00	3,502.72	9,502.72	8,453.59
Other Objects	500.00	-	500.00	-
Total Undist. Expend. - Educational Media/School Library	135,064.00	3,502.92	138,566.92	105,787.79
				32,779.13

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET			
Undist. Expend. - Instructional Staff Training Services:						
Purchased Professional- Educational Services	12,000.00	-	12,000.00	5,447.77	6,552.23	
Other Purchased Services	7,000.00	-	7,000.00	2,022.24	4,977.76	
Total Undist. Expend. - Instructional Staff Training Services	19,000.00	-	19,000.00	7,470.01	11,529.99	
Undist. Expend. - Support Services - General Administration:						
Salaries	169,802.00	3,317.63	173,119.63	160,753.63	12,366.00	
Legal Services	25,000.00	(7,220.84)	17,779.16	17,779.16	-	
Audit Fees	18,000.00	(1,385.00)	16,615.00	16,615.00	-	
Architectural/Engineering Services	-	26,880.00	26,880.00	26,880.00	-	
Other Purchased Professional Services	9,500.00	(3,710.00)	5,790.00	5,790.00	-	
Communications/Telephone	18,000.00	(2,077.27)	15,922.73	15,922.73	-	
BOE Other Purchased Services	1,500.00	725.32	2,225.32	1,695.32	530.00	
Miscellaneous Purchased Services	22,500.00	(4,732.05)	17,767.95	17,733.44	34.51	
General Supplies	2,500.00	(500.00)	2,000.00	1,560.40	439.60	
BOE In-House Training/Meeting Supplies	1,000.00	(1,000.00)	-	-	-	
Miscellaneous Expenditures	3,500.00	1,118.59	4,618.59	4,477.45	141.14	
BOE Membership Dues and Fees	5,000.00	(885.50)	4,114.50	4,114.50	-	
Total Undist. Expend. - Support Services - Gen. Administration	276,302.00	10,530.88	286,832.88	273,321.63	13,511.25	
Undist. Expend. - Support Services - School Administration:						
Salaries of Principals/Assistant Principals	75,675.00	180.12	75,855.12	75,855.12	-	
Salaries of Other Prof. Staff	860.00	172.00	1,032.00	1,032.00	-	
Salaries of Secretarial and Clerical Assistants	35,363.00	(19.00)	35,344.00	35,343.84	0.16	
Purchased Professional and Technical Services	2,500.00	289.80	2,789.80	2,789.80	-	
Other Purchased Services	250.00	(250.00)	-	-	-	
Supplies and Materials	3,000.00	3,207.20	6,207.20	6,031.17	176.03	
Total Undist. Expend. - Supp. Services - School Administration	117,648.00	3,580.12	121,228.12	121,051.93	176.19	

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET			
Undist. Expend. - Support Services - Central Services:						
Salaries	111,454.00	(20.00)	111,434.00	111,433.92	0.08	
Purchased Professional Services	-	850.00	850.00	850.00	-	
Purchased Technical Services	20,000.00	352.00	20,352.00	20,352.00	-	
Miscellaneous Purchased Services	1,000.00	306.00	1,306.00	462.86	843.14	
Supplies and Materials	5,641.00	(695.00)	4,946.00	4,534.40	411.60	
Miscellaneous Expenditures	750.00	-	750.00	694.00	56.00	
Total Undist. Expend. - Support Services - Central Services	138,845.00	793.00	139,638.00	138,327.18	1,310.82	
Undist. Expend. - Support Services - Admin Info Tech:						
Salaries	1,720.00	(1,720.00)	-	-	-	
Purchased Technical Services	1,000.00	-	1,000.00	-	1,000.00	
Supplies and Materials	5,000.00	(2,000.00)	3,000.00	942.52	2,057.48	
Total Undist. Expend. - Support Services - Admin Info Tech	7,720.00	(3,720.00)	4,000.00	942.52	3,057.48	
Undist. Expend. - Required Maintenance for School Facilities:						
Cleaning, Repair and Maintenance Services	195,000.00	(17,535.63)	177,464.37	67,194.00	110,270.37	
General Supplies	3,495.00	17,535.63	21,030.63	21,030.63	-	
Total Undist. Expend. - Required Maintenance for School Facilities	198,495.00	-	198,495.00	88,224.63	110,270.37	
Undist. Expend. - Other Oper. & Maint. of Plant:						
Salaries	169,000.00	1,000.00	170,000.00	157,473.22	12,526.78	
Salaries of Non-Instructional Aides	32,395.00	-	32,395.00	24,054.59	8,340.41	
Purchased Professional and Technical Services	2,500.00	-	2,500.00	1,270.00	1,230.00	
Cleaning, Repair and Maintenance Services	20,000.00	-	20,000.00	14,029.43	5,970.57	
Insurance	34,000.00	(1,000.00)	33,000.00	29,848.00	3,152.00	
General Supplies	25,000.00	-	25,000.00	24,465.63	534.37	
Energy (Natural Gas)	35,000.00	-	35,000.00	34,254.57	745.43	
Energy (Electricity)	120,000.00	-	120,000.00	89,327.55	30,672.45	
Total Undist. Expend. - Other Oper. & Maint. of Plant	437,895.00	-	437,895.00	374,722.99	63,172.01	

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Undist. Expend. - Care & Upkeep of Grounds	47,500.00	720.00	48,220.00	14,365.00
Cleaning, Repair, and Maintenance Services	3,000.00	-	3,000.00	3,000.00
General Supplies				
Total Care & Upkeep of Grounds	50,500.00	720.00	51,220.00	17,365.00
Total Undist. Expend. - Oper. & Maint. of Plant	686,890.00	720.00	687,610.00	190,807.38
Undist. Expend. - Student Transportation Services:				
Contracted Services (Other Than Bet. Home & School) - Vendors	2,500.00	7,500.00	10,000.00	2,227.00
Contracted Services (Regular Students) - ESCs & CTSAAs	149,000.00	45,186.22	194,186.22	18,797.05
Contracted Services (Special Ed. Students) - ESCs & CTSAAs	222,000.00	(35,186.22)	186,813.78	-
Total Undist. Expend. - Student Transportation Services	373,500.00	17,500.00	391,000.00	21,024.05
Unallocated Benefits - Employee Benefits:				
Social Security Contributions	75,000.00	(1,175.90)	73,824.10	3,647.38
Other Retirement Contributions - Regular	70,000.00	1,175.90	71,175.90	-
Unemployment Compensation	10,000.00	(2,750.47)	7,249.53	77.03
Workmen's Compensation	36,500.00	2,750.47	39,250.47	-
Health Benefits	963,075.00	-	963,075.00	105,239.46
Tuition Reimbursement	12,000.00	(1,200.00)	10,800.00	10,800.00
Other Employee Benefits	2,300.00	1,200.00	3,500.00	308.65
Total Unallocated Benefits - Employee Benefits	1,168,875.00	-	1,168,875.00	120,072.52

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL TO ACTUAL
TPAF Contributions (On-Behalf - Non-Budgeted)	-	-	-	242,017.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	201,656.00
TPAF Long Term Disability (On-Behalf - Non-Budgeted)	-	-	-	588.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	177,481.05
Total On-Behalf Contributions	-	-	-	621,742.05
Total Personal Services - Employee Benefits	1,168,875.00	-	1,168,875.00	1,670,544.53
Total Undistributed Expenditures	6,119,610.00	(20,692.68)	6,098,917.32	6,125,670.28
Total Expenditures - Current Expense	8,559,637.00	32,710.53	8,592,347.53	8,498,401.81
CAPITAL OUTLAY				
Undistributed Expenses	30,000.00	40,546.19	70,546.19	70,546.19
Instruction	-	5,546.93	5,546.93	5,546.93
Support Services-Instruct. Staff	-	-	-	-
Total Undistributed Expenses - Non-Instructional Services	30,000.00	46,093.12	76,093.12	76,093.12
Facilities Acquisition and Construction Services:				
Assessment for Debt Service on SDA Funding	29,396.00	-	29,396.00	29,396.00
Total Facilities Acquisition and Construction Services	29,396.00	-	29,396.00	29,396.00
Total Capital Outlay	29,396.00	46,093.12	105,489.12	105,489.12
Total Expenditures	8,619,033.00	78,803.65	8,697,836.65	8,603,890.93
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(230,000.00)	(78,803.65)	(308,803.65)	468,914.28
				777,717.93

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	JUNE 30, 2017			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Fund Balances, July 1	1,574,270.30	-	1,574,270.30	-
Fund Balances, June 30	\$ 1,344,270.30	\$ (78,803.65)	\$ 1,265,466.65	\$ 777,717.93

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 78,803.65
Total	\$ 78,803.65

RECAPITULATION OF FUND BALANCE:

Restricted :		
Capital Reserve	1,025,000.00	
Maintenance Reserve	480,592.46	
Tuition Reserve	200,000.00	
Current Year Excess Surplus	4,986.12	
Prior Year Excess Surplus		23,043.19
Designated for Subsequent Year's Expenditures		
Assigned:		
Year-End Encumbrances	20,100.00	
Designated for Subsequent Year's Expenditures	11,830.81	
Unassigned	277,632.00	
Reconciliation To Governmental Funds Statements (GAAP):		2,043,184.58
Last State Aid Payments Not Recognized on GAAP Basis	(29,809.00)	
Fund Balance per Governmental Funds (GAAP)	\$ 2,013,375.58	

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Revenues:					
State Sources	-	\$ 3,802.00	\$ 3,802.00	\$ 2,507.76	\$ (1,294.24)
Federal Sources	130,500.00	15,902.00	146,402.00	146,402.00	-
Total Revenues	130,500.00	19,704.00	150,204.00	148,909.76	(1,294.24)
Expenditures:					
Instruction:					
Salaries of Teachers	50,000.00	(13,103.28)	36,896.72	36,896.72	-
Other Purchased Services	-	1,530.00	1,530.00	1,530.00	-
Tuition	80,500.00	10,740.00	91,240.00	91,240.00	-
General Supplies	-	3,828.28	3,828.28	2,534.04	1,294.24
Total Instruction	130,500.00	2,995.00	133,495.00	132,200.76	1,294.24
Support Services:					
Professional & Technical Services	-	2,711.00	2,711.00	2,711.00	-
Other Purchased Services	-	13,998.00	13,998.00	13,998.00	-
Total Support Services	-	16,709.00	16,709.00	16,709.00	-
Total Expenditures	130,500.00	19,704.00	150,204.00	148,909.76	1,294.24
Total Outflows	130,500.00	19,704.00	150,204.00	148,909.76	1,294.24
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 9,072,805.21	\$ 148,909.76
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	29,231.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(29,809.00)	-
	<hr/>	<hr/>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 9,072,227.21</u>	<u>\$ 148,909.76</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	<u>\$ 8,603,890.93</u>	<u>\$ 148,909.76</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,603,890.93</u>	<u>\$ 148,909.76</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00663%	0.00523%	0.00583%	0.00665%
School District's proportionate share of the net pension liability \$	1,962,817	\$ 1,173,639	\$ 1,092,133	\$ 1,270,861
School District's covered payroll	\$ 442,976	\$ 396,889	\$ 351,646	\$ 413,484
School District's proportionate share of the net pension liability as a percentage of its covered payroll	443.10%	295.71%	310.58%	307.35%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's contractually required contribut	\$ 50,621	\$ 58,876	\$ 44,949	\$ 48,088
Contributions in relation to the contractually required contribution	<u>(50,621)</u>	<u>(58,876)</u>	<u>(44,949)</u>	<u>(48,088)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 495,354	\$ 442,976	\$ 396,889	\$ 351,646
Contributions as a percentage of covered payroll	10.22%	13.29%	11.33%	13.68%

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FOUR FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
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>17,940,492</u>	<u>14,312,004</u>	<u>11,030,983</u>	<u>10,840,189</u>
	<u>\$ 17,940,492</u>	<u>\$ 14,312,004</u>	<u>\$ 11,030,983</u>	<u>\$ 10,840,189</u>
School District's covered payroll	\$ 2,536,516	\$ 2,132,178	\$ 2,241,110	\$ 2,088,921
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- PART III

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Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	I.D.E.A. - PART B		NO CHILD LEFT BEHIND		NONPUBLIC		TOTALS
	BASIC	PRESCHOOL	TITLE I PART A	TITLE II PART A	TEXTBOOKS	NURSING	
Revenues:							
State Sources	\$ -	\$ -	\$ -	\$ -	\$ 977.76	\$ 1,530.00	\$ 2,507.76
Federal Sources	90,202.00	1,038.00	41,164.00	13,998.00	-	-	146,402.00
Total Revenues	\$ 90,202.00	\$ 1,038.00	\$ 41,164.00	\$ 13,998.00	\$ 977.76	\$ 1,530.00	\$ 148,909.76
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ 36,896.72	\$ -	\$ -	\$ -	\$ 36,896.72
Other Purchased Services	-	-	-	-	-	1,530.00	1,530.00
Tuition	90,202.00	1,038.00	-	-	-	-	91,240.00
General Supplies	-	-	1,556.28	-	977.76	-	2,534.04
Total Instruction	90,202.00	1,038.00	38,453.00	-	977.76	1,530.00	132,200.76
Support Services:							
Employee Benefits	-	-	2,711.00	-	-	-	2,711.00
Other Purchased Services	-	-	-	13,998.00	-	-	13,998.00
Total Support Services	-	-	2,711.00	13,998.00	-	-	16,709.00
Total Expenditures	\$ 90,202.00	\$ 1,038.00	\$ 41,164.00	\$ 13,998.00	\$ 977.76	\$ 1,530.00	\$ 148,909.76

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F. Capital Projects Fund
(Not Applicable)

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G. Proprietary Funds

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

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITIES	PAYROLL	TOTALS
ASSETS				
Cash and Cash Equivalents	\$ 15,133.15	\$ 8,927.70	\$ 11.00	\$ 24,071.85
Total Assets	<u>\$ 15,133.15</u>	<u>\$ 8,927.70</u>	<u>\$ 11.00</u>	<u>\$ 24,071.85</u>
LIABILITIES				
Liabilities:				
Payable To Student Groups	\$ -	\$ 8,927.70	\$ -	\$ 17,855.40
Payroll Deductions and Withholdings	-	-	11.00	22.00
Total Liabilities	<u>-</u>	<u>8,927.70</u>	<u>11.00</u>	<u>17,877.40</u>
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	<u>15,133.15</u>	-	-	<u>15,133.15</u>
Total Net Position	<u>15,133.15</u>	-	-	<u>15,133.15</u>
Total Liabilities and Net Position	<u>\$ 15,133.15</u>	<u>\$ 8,927.70</u>	<u>\$ 11.00</u>	<u>\$ 33,010.55</u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

ADDITIONS	UNEMPLOYMENT COMPENSATION TRUST
Contributions:	
Plan Member	\$ 12,941.65
	12,941.65
Total Contributions	12,941.65
Investment Earnings:	
Interest	1.70
	1.70
Net Investment Earnings	1.70
Total Additions	12,943.35
Deductions:	
Unemployment Claims	5,270.47
	5,270.47
Total Deductions	5,270.47
Change in Net Position	7,672.88
Net Position - Beginning of Year	7,460.27
Net Position - End of Year	\$ 15,133.15

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Spring Lake Heights Activities Account	\$ 11,873.49	\$ 27,395.23	\$ 30,341.02	\$ 8,927.70
Total Assets	<u>\$ 11,873.49</u>	<u>\$ 27,395.23</u>	<u>\$ 30,341.02</u>	<u>\$ 8,927.70</u>

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
ASSETS				
Cash	\$ 768.91	\$ 3,767,544.35	\$ 3,768,302.26	\$ 11.00
Total Assets	<u>\$ 768.91</u>	<u>\$ 3,767,544.35</u>	<u>\$ 3,768,302.26</u>	<u>\$ 11.00</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 768.91	\$ 3,767,544.35	\$ 3,768,302.26	\$ 11.00
Total Liabilities	<u>\$ 768.91</u>	<u>\$ 3,767,544.35</u>	<u>\$ 3,768,302.26</u>	<u>\$ 11.00</u>

I. Long-Term Debt

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**SPRING LAKE HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2016	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2017
			DATE	AMOUNT				
Refunding Bonds - 2010	12/01/10	\$ 4,065,000.00	02/15/18	415,000.00	4.000%	\$ 2,525,000.00	\$ 400,000.00	\$ 2,125,000.00
			02/15/19	435,000.00	4.000%			
			02/15/20	430,000.00	4.000%			
			02/15/21	425,000.00	4.000%			
			02/15/22	420,000.00	4.000%			
						\$ 2,525,000.00	\$ 400,000.00	\$ 2,125,000.00

EXHIBIT I-3

SPRING LAKE HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017

	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 501,000.00	\$ -	\$ 501,000.00	\$ 501,000.00	\$ -
Total Revenues	501,000.00	-	501,000.00	501,000.00	-
Expenditures:					
Regular Debt Service:					
Interest on Bonds	101,000.00	-	101,000.00	101,000.00	-
Redemption of Principal	400,000.00	-	400,000.00	400,000.00	-
Total Regular Debt Service	501,000.00	-	501,000.00	501,000.00	-
Total Expenditures	501,000.00	-	501,000.00	501,000.00	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	1.33	-	1.33	1.33	-
Fund Balance, June 30	\$ 1.33	\$ -	\$ 1.33	\$ 1.33	\$ -

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government Activities:										
Net Investment in Capital Assets	\$ 2,942,253.63	\$ 3,157,173.55	\$ 3,170,353.51	\$ 3,083,920.70	\$ 2,962,519.95	\$ 3,103,397.37	\$ 3,308,795.57	\$ 2,735,518.18	\$ 2,524,697.79	\$ 3,921,835.20
Restricted	793,116.90	835,390.05	714,907.12	958,515.22	922,915.22	1,149,350.77	846,891.20	605,593.79	1,203,636.98	1,733,623.10
Unrestricted	128,993.34	(35,267.99)	261,215.16	184,353.66	189,523.23	206,510.83	304,844.89	200,805.51	194,459.65	(1,169,417.19)
Total Government Activities Net Position	\$ 3,864,363.87	\$ 3,957,295.61	\$ 4,146,475.79	\$ 4,226,789.58	\$ 4,074,958.40	\$ 4,459,258.97	\$ 4,460,531.66	\$ 3,541,917.48	\$ 3,922,794.42	\$ 4,486,041.11
Business-Type Activities:										
Net Investment in Capital Assets	\$ 3,232.00	\$ 2,828.00	\$ 2,424.00	\$ 2,020.00	\$ 13,297.00	\$ 12,223.00	\$ 11,149.00	\$ 9,853.00	\$ 31,397.78	\$ 26,838.78
Unrestricted	5,476.98	4,009.17	31,662.48	46,195.49	45,965.75	42,404.82	25,994.01	24,560.42	3,131.07	(2,924.53)
Total Business-Type Activities Net Position	\$ 8,708.98	\$ 6,837.17	\$ 34,086.48	\$ 48,215.49	\$ 59,262.75	\$ 54,627.82	\$ 37,143.01	\$ 34,413.42	\$ 34,528.85	\$ 23,914.25
District-wide:										
Net Investment in Capital Assets	\$ 2,945,485.63	\$ 3,172,777.51	\$ 3,085,940.70	\$ 2,975,816.95	\$ 3,115,620.37	\$ 3,319,944.57	\$ 3,319,944.57	\$ 2,745,371.18	\$ 2,556,095.57	\$ 3,948,673.98
Restricted	793,116.90	714,907.12	958,515.22	922,915.22	1,149,350.77	846,891.20	846,891.20	605,593.79	1,203,636.98	1,733,623.10
Unrestricted	134,470.32	292,877.64	230,549.15	235,488.98	248,915.65	330,838.90	330,838.90	225,365.93	197,590.72	(1,172,341.72)
Total District Net Position	\$ 3,873,072.85	\$ 4,180,562.27	\$ 4,275,005.07	\$ 4,134,221.15	\$ 4,513,886.79	\$ 4,497,674.67	\$ 4,497,674.67	\$ 3,576,330.90	\$ 3,957,323.27	\$ 4,509,955.36

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (2,273,590.44)	\$ (2,213,509.81)	\$ (2,275,211.38)	\$ (2,138,534.19)	\$ (2,302,403.00)	\$ (1,707,050.67)	\$ (1,707,910.51)	\$ (1,731,008.54)	\$ (1,840,955.31)	\$ (1,770,626.29)
Special Education	(419,083.65)	(472,516.18)	(489,752.83)	(452,353.28)	(526,251.93)	(414,625.80)	(453,712.70)	(500,951.80)	(517,532.65)	(582,155.60)
Other Special Education	(93,933.78)	(84,973.72)	(47,897.15)	(46,929.70)	(65,063.27)	(47,028.00)	(88,363.60)	(76,948.74)	(79,010.00)	(83,187.00)
Other Instruction	(54,419.52)	(58,842.14)	(56,949.99)	(59,594.15)	(61,585.39)	(68,814.36)	(70,659.60)	(67,322.18)	(64,997.92)	(69,723.40)
Support Services:										
Tuition	(2,435,559.52)	(2,549,444.51)	(2,724,365.71)	(2,524,419.11)	(2,457,414.96)	(2,203,241.03)	(2,502,813.81)	(2,716,989.62)	(2,398,737.47)	(2,443,604.06)
Student and Instruction Related Services	(715,340.11)	(784,374.72)	(737,525.38)	(716,967.28)	(833,114.49)	(699,606.86)	(723,304.51)	(649,919.02)	(573,537.89)	(627,808.86)
School Administrative Services	(125,145.63)	(118,418.01)	(121,336.78)	(121,937.95)	(222,626.38)	(238,303.09)	(246,556.16)	(240,773.99)	(234,989.29)	(273,321.63)
General Administration	(294,461.08)	(295,481.60)	(322,986.01)	(253,356.77)	(138,644.31)	(104,927.66)	(92,494.06)	(91,640.76)	(119,189.99)	(121,051.93)
Central Services	(157,401.35)	(125,962.27)	(134,449.18)	(151,958.65)	(155,414.20)	(143,549.07)	(142,863.82)	(139,666.06)	(135,001.67)	(138,327.18)
Administrative Information Technology	(6,250.04)	(6,175.10)	(7,177.00)	(4,396.80)	(7,402.96)	(6,974.62)	-	(5,323.30)	(9,172.28)	(942.52)
Plant Operations and Maintenance	(456,172.07)	(458,838.70)	(424,677.96)	(453,017.07)	(511,733.47)	(407,559.98)	(416,088.16)	(383,097.44)	(522,281.13)	(496,802.62)
Pupil Transportation	(269,679.59)	(248,850.80)	(274,010.61)	(264,298.20)	(246,497.66)	(324,030.87)	(363,549.97)	(337,832.83)	(348,838.22)	(369,975.95)
Employee Benefits	-	-	-	-	-	(1,279,096.01)	(1,263,774.57)	(1,906,516.86)	(2,244,525.36)	(1,804,372.53)
Non-instructional Equipment	-	-	-	-	-	-	(25,000.00)	(12,150.71)	-	-
Interest on Long-Term Debt	(247,608.02)	(239,549.35)	(223,070.78)	(135,201.90)	(159,634.82)	(145,267.98)	(138,347.06)	(127,308.55)	(115,035.05)	(99,410.05)
Unallocated Depreciation	(248,410.00)	(248,410.00)	(251,086.00)	(483,397.49)	(259,193.75)	(260,935.76)	(283,075.71)	(292,365.34)	(292,365.34)	(277,580.66)
Total Governmental Activities Expenses	(7,797,054.80)	(7,905,346.91)	(8,090,496.76)	(7,806,362.54)	(7,946,980.59)	(8,051,011.76)	(8,518,514.24)	(9,279,815.74)	(9,496,169.57)	(9,158,890.28)
Business-Type Activities:										
Food Service	(110,664.29)	(111,269.97)	(79,862.20)	(84,505.68)	(97,437.16)	(103,950.63)	(125,120.56)	(109,496.52)	(83,522.49)	(118,976.60)
Total Business-Type Activities Expenses	(110,664.29)	(111,269.97)	(79,862.20)	(84,505.68)	(97,437.16)	(103,950.63)	(125,120.56)	(109,496.52)	(83,522.49)	(118,976.60)
Total District Expenses	\$ (7,907,719.09)	\$ (8,016,616.88)	\$ (8,170,358.96)	\$ (7,890,868.22)	\$ (8,044,417.75)	\$ (8,154,962.39)	\$ (8,643,634.80)	\$ (9,389,312.26)	\$ (9,579,692.06)	\$ (9,277,866.88)
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 78,956.00	\$ 87,965.00	\$ 96,840.00	\$ 1,491.18	\$ 4,866.20	\$ 159,808.40	\$ 183,093.73	\$ 1,124,905.66	\$ 1,445,634.31	\$ 428,989.76
Charges for Services	15,800.00	28,700.00	34,250.00	37,175.00	55,200.00	84,374.44	76,525.52	90,930.00	152,940.01	147,459.50
Total Governmental Activities Program Revenues	94,756.00	116,665.00	131,090.00	38,666.18	58,066.20	244,182.84	259,619.25	1,215,835.66	1,598,574.32	576,449.26
Business-Type Activities:										
Charges for Services:										
Food Service	85,912.53	86,835.73	81,725.64	73,898.03	74,775.43	70,947.14	76,456.86	76,955.13	69,552.94	87,909.61
Operating Grants and Contributions	26,491.58	22,562.43	25,385.87	24,736.66	29,429.61	28,368.56	31,178.89	29,811.80	14,084.98	20,452.39
Total Business-Type Activities Program Revenues	112,404.11	109,398.16	107,111.51	98,634.69	104,205.04	99,315.70	107,635.75	106,766.93	83,637.92	108,362.00
Total District Program Revenues	\$ 207,160.11	\$ 226,063.16	\$ 238,201.51	\$ 137,300.87	\$ 162,271.24	\$ 343,498.54	\$ 367,055.00	\$ 1,322,602.59	\$ 1,682,212.24	\$ 684,811.26

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue:										
Governmental Activities:	(7,702,298.80)	(7,788,681.91)	(7,959,406.76)	(7,767,696.36)	(7,888,914.39)	(7,806,828.92)	(8,259,094.99)	(8,063,980.08)	(7,897,595.25)	(8,582,441.02)
Business-Type Activities	1,739.82	(1,871.81)	27,249.31	14,129.01	6,767.88	(4,634.93)	(17,484.81)	(2,729.59)	115.43	(10,614.60)
Total District-wide Net (Expense)/Revenue	\$ (7,700,558.98)	\$ (7,790,553.72)	\$ (7,932,157.45)	\$ (7,753,567.35)	\$ (7,882,146.51)	\$ (7,811,463.85)	\$ (8,276,579.80)	\$ (8,066,709.67)	\$ (7,897,479.82)	\$ (8,593,055.62)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,237,957.00	\$ 6,484,514.00	\$ 6,643,895.00	\$ 6,922,829.00	\$ 6,908,282.00	\$ 6,955,365.00	\$ 7,024,919.32	\$ 7,356,900.96	\$ 7,687,794.00	\$ 7,924,098.00
Taxes Levied for Debt Service	545,363.00	548,627.00	546,231.00	238,054.00	337,541.00	406,409.00	524,506.00	502,650.00	501,400.00	501,000.00
Unrestricted Grants and Contributions	1,266,181.69	815,722.99	941,204.16	606,506.41	770,538.45	764,680.51	713,664.30	298,686.00	310,765.00	696,265.05
Investment Earnings	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12	-	-	-	-
Loss on Disposal of Assets	(106,664.26)	-	-	-	(28,211.68)	-	-	-	-	-
Transfer	(327.97)	-	-	-	-	-	-	-	-	-
Miscellaneous Income	20,120.51	15,252.19	11,518.95	78,308.32	66,723.64	64,611.86	54,137.39	11,054.94	25,447.85	24,324.66
Total Governmental Activities	7,977,331.91	7,881,613.65	8,148,586.94	7,848,010.15	8,055,501.17	8,191,129.49	8,317,227.01	8,169,291.90	8,525,406.85	9,145,687.71
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	2,296.38	-	-	-	-	-
Transfers	327.97	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	327.97	-	-	-	2,296.38	-	-	-	-	-
Total District-wide	\$ 7,977,659.88	\$ 7,881,613.65	\$ 8,148,586.94	\$ 7,848,010.15	\$ 8,057,797.55	\$ 8,191,129.49	\$ 8,317,227.01	\$ 8,169,291.90	\$ 8,525,406.85	\$ 9,145,687.71
Changes in Net Position:										
Governmental Activities	\$ 275,033.11	\$ 92,931.74	\$ 189,180.18	\$ 80,313.79	\$ 166,586.78	\$ 384,300.57	\$ 58,132.02	\$ 105,311.82	\$ 627,811.60	\$ 563,246.69
Business-Type Activities	2,067.79	(1,871.81)	27,249.31	14,129.01	9,064.26	(4,634.93)	(17,484.81)	(2,729.59)	115.43	(10,614.60)
Total District	\$ 277,100.90	\$ 91,059.93	\$ 216,429.49	\$ 94,442.80	\$ 175,651.04	\$ 379,665.64	\$ 40,647.21	\$ 102,582.23	\$ 627,927.03	\$ 552,632.09

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 97,001.00	\$ 39,484.67	\$ 64,592.12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	262,049.01	287,598.57	345,825.00	-	-	-	-	-	-	-
Restricted	-	-	-	572,616.39	802,564.88	1,064,990.94	846,889.87	605,592.46	1,203,635.65	1,733,621.77
Assigned	-	-	-	74,540.20	1,491.21	84,358.18	154,070.11	224,063.51	108,803.65	31,930.81
Unassigned	-	-	-	243,280.18	230,544.20	238,827.20	235,336.28	220,769.00	232,600.00	247,823.00
Total General Fund	\$ 359,050.01	\$ 327,083.24	\$ 410,417.12	\$ 890,436.77	\$ 1,034,600.29	\$ 1,388,176.32	\$ 1,236,296.26	\$ 1,050,424.97	\$ 1,545,039.30	\$ 2,013,375.58

All Other Governmental Funds:

Reserved	\$ 1,750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(352.05)	-	-	-	-	-	-	-	-	-
Capital Projects Fund	654,717.72	654,717.72	650,314.72	-	-	-	-	-	-	-
Debt Service Fund	0.23	(1.34)	(0.45)	-	-	-	-	-	-	-
Restricted for:										
Capital Projects Fund	-	-	-	305,549.72	113,049.72	-	-	-	-	-
Debt Service Fund	-	-	-	5,808.91	5,809.41	1.65	1.33	1.33	1.33	1.33
Total All Other Governmental Funds	\$ 656,115.90	\$ 654,716.38	\$ 650,314.27	\$ -	\$ -	\$ 1.65	\$ 1.33	\$ 1.33	\$ 1.33	\$ 1.33

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

	FISCAL YEAR ENDING JUNE 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tuition Charges	\$ 6,783,320.00	\$ 7,033,141.00	\$ 7,190,126.00	\$ 7,160,883.00	\$ 7,245,823.00	\$ 7,361,774.00	\$ 7,549,425.32	\$ 7,859,550.96	\$ 8,189,194.00	\$ 8,425,098.00
Transportation Fees	-	28,700.00	34,250.00	37,175.00	53,200.00	70,516.69	76,325.52	90,930.00	152,940.01	147,459.50
Interest Earnings	14,701.94	17,497.47	5,737.83	2,312.42	607.76	63.12	-	-	-	-
Miscellaneous	34,620.51	15,252.19	11,518.97	78,308.32	66,723.64	64,611.86	79,137.39	23,205.65	25,447.85	24,324.66
State Sources	1,194,381.28	759,211.59	788,410.56	475,096.08	610,776.90	787,914.71	736,495.30	816,675.44	905,052.68	978,852.81
Federal Sources	1,50,662.43	144,476.40	249,633.60	132,901.51	164,647.75	136,574.20	135,262.73	123,617.51	160,061.63	146,402.00
Total Revenues	8,177,686.16	7,998,278.65	8,279,676.96	7,886,676.33	8,141,779.05	8,435,312.33	8,576,646.26	8,913,979.56	9,432,696.17	9,722,136.97
Expenditures:										
Instruction:										
Regular	1,597,350.45	1,625,413.91	1,645,378.89	1,534,400.76	1,690,381.58	1,707,050.67	1,707,910.51	1,731,008.54	1,838,215.31	1,769,866.29
Special	282,497.26	342,849.00	358,616.38	349,717.46	386,020.20	414,625.80	453,712.70	500,951.80	517,532.65	582,155.60
Other Special Instruction	59,927.40	54,714.93	38,063.72	25,747.48	45,539.70	47,028.00	88,363.60	76,948.74	79,010.00	83,187.00
Other Instruction	51,228.76	55,613.75	53,516.94	55,030.15	57,382.82	68,814.36	70,659.60	67,322.18	64,997.92	69,723.40
Support Services and Undistributed Costs:										
Tuition	2,435,559.52	2,549,444.51	2,724,365.71	2,528,300.59	2,457,414.96	2,203,241.03	2,502,813.81	2,716,989.62	2,398,737.47	2,443,604.06
Student and Instruction Related Services	559,921.36	647,654.40	585,085.01	582,099.34	648,670.20	699,606.86	723,304.51	649,919.02	573,537.89	627,808.86
General Administration	194,807.28	198,461.77	227,867.08	208,591.80	202,277.14	238,303.69	246,556.16	240,773.99	234,989.29	273,321.63
School Administrative Services	91,442.07	90,690.65	91,065.21	92,860.50	92,107.71	104,927.66	92,494.06	91,640.76	119,189.99	121,051.93
Central Services	157,401.35	125,962.27	134,449.18	151,958.65	155,414.20	143,549.07	142,863.82	139,666.06	135,001.67	138,327.18
Admin. Information Technology	6,250.04	6,175.10	7,177.00	4,396.80	7,402.96	6,974.62	-	5,323.30	9,172.28	942.52
Plant Operations and Maintenance	385,557.66	382,167.69	357,862.58	361,134.19	417,168.72	379,812.98	441,728.16	465,247.44	522,281.13	496,802.62
Pupil Transportation	2,69,679.59	2,48,850.80	274,010.61	264,298.20	246,497.66	324,030.87	363,549.97	337,832.83	348,838.22	369,975.95
Employee Benefits	1,214,084.23	1,063,441.14	1,105,242.89	967,128.24	1,093,989.50	1,288,716.01	1,263,294.57	1,449,879.86	1,565,782.02	1,670,544.53
Non-instructional Equipment	-	-	-	-	-	-	25,000.00	12,150.71	-	-
Capital Outlay	13,094.50	91,576.45	51,813.88	77,703.52	159,807.18	48,647.00	81,768.85	111,546.00	29,396.00	76,093.12
Debt Service:										
Principal	290,875.71	306,552.43	317,239.56	387,979.53	363,757.76	150,670.28	139,031.18	127,650.00	116,400.00	130,396.00
Interest and Other Charges	254,488.18	242,076.14	228,990.55	154,265.11	166,282.74	374,595.48	385,475.14	375,000.00	385,000.00	400,000.00
Total Expenditures	7,864,165.36	8,031,644.94	8,200,745.19	7,745,612.32	8,190,115.03	8,200,593.78	8,728,526.64	9,099,850.85	8,938,081.84	9,253,800.69
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(33,366.29)	78,931.77	141,064.01	(48,335.98)	234,718.55	234,718.55	(151,880.38)	(185,871.29)	494,614.33	468,336.28
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)	97,000.00	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	344,765.00	192,500.00	113,112.84	-	-	-	-
Transfers Out	(327.97)	-	-	(344,765.00)	(192,500.00)	(113,112.84)	-	-	-	-
Total Other Financing Sources/(Uses)	96,672.03	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 63,305.74	\$ 78,931.77	\$ 141,064.01	\$ (48,335.98)	\$ 234,718.55	\$ 234,718.55	\$ (151,880.38)	\$ (185,871.29)	\$ 494,614.33	\$ 468,336.28
Debt Service as a Percentage of Noncapital Expenditures	6.95%	6.91%	6.70%	7.07%	6.60%	6.44%	6.07%	5.59%	5.63%	5.78%

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

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	PRIOR YEAR CHECKS VOID	MISCELLANEOUS	TUITION - PARENTS PAY	TUITION - FROM STATE	TRANSPORTATION FEES FROM STATE	PRIOR YEAR REFUND	FACILITIES USED	ANNUAL TOTALS
2008	17,194.81	-	1,625.70	15,800.00	-	-	-	-	34,620.51
2009	4,383.87	-	15,252.19	28,700.00	-	-	5,238.03	4,480.00	58,054.09
2010	2,847.37	-	1,190.95	34,250.00	-	-	2,338.02	7,990.00	48,616.34
2011	946.72	-	27,606.69	37,175.00	-	-	3,350.36	46,285.00	115,363.77
2012	-	1,327.35	4,565.50	53,200.00	-	-	2,477.64	57,745.00	119,315.49
2013	-	-	12,270.14	55,300.00	15,216.69	13,857.75	6,471.72	45,870.00	148,986.30
2014	-	-	79,137.39	76,325.52	-	-	-	-	155,462.91
2015	-	-	23,205.66	90,930.00	-	-	-	-	114,135.66
2016	-	-	25,447.85	152,940.01	-	-	-	-	178,387.86
2017	-	-	24,324.66	147,459.50	-	-	-	-	171,784.16

Source: District records

Revenue Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	Q/FARM	COMMERCIAL	INDUSTRIAL	APARTMENTS	TOTAL ASSESSED VALUE	LESS: TAX-EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL COUNTY EQUALIZED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2008	9,799,200.00	968,851,300.00	-	-	118,763,100.00	-	60,761,600.00	1,158,175,200.00	33,800,800.00	483,818.00	1,124,858,218.00	1,213,261,339.00	0.61
2009	11,046,100.00	970,106,000.00	-	-	118,767,800.00	-	60,761,600.00	1,160,681,500.00	33,800,800.00	690,614.00	1,127,571,314.00	1,163,585,035.00	0.62
2010	11,158,800.00	970,250,200.00	-	-	120,253,500.00	-	59,932,400.00	1,161,594,900.00	34,486,100.00	629,356.00	1,127,738,156.00	1,168,961,044.00	0.62
2011	11,103,300.00	971,462,300.00	-	-	117,145,800.00	-	56,464,800.00	1,156,176,200.00	34,035,000.00	533,001.00	1,122,674,201.00	1,154,855,929.00	0.63
2012	9,767,100.00	974,515,900.00	-	-	118,172,800.00	-	56,464,800.00	1,158,920,600.00	34,022,800.00	534,336.00	1,125,432,136.00	1,115,197,521.00	0.64
2013	8,645,200.00	975,855,000.00	-	-	117,816,300.00	-	53,320,200.00	1,155,836,700.00	34,353,700.00	-	1,121,483,000.00	1,072,816,145.00	0.65
2014	8,493,500.00	967,057,950.00	-	-	116,326,200.00	-	53,520,200.00	1,145,397,850.00	34,353,700.00	-	1,111,044,150.00	1,093,057,540.00	0.69
2015	8,086,700.00	967,785,900.00	-	-	118,218,400.00	-	57,345,000.00	1,151,436,000.00	36,416,400.00	-	1,115,019,600.00	1,122,573,816.00	0.71
2016	7,452,300.00	1,017,248,100.00	-	-	119,498,400.00	-	59,580,000.00	1,203,778,800.00	36,810,800.00	-	1,166,968,000.00	1,197,364,548.00	0.70
2017	6,161,400.00	1,042,170,900.00	-	-	119,791,800.00	-	61,367,400.00	1,229,491,500.00	37,975,700.00	-	1,191,515,800.00	1,229,491,500.00	0.69

Source: Municipal Tax Assessor

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

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

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	(From J-6)								
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT		SPRING LAKE HEIGHTS BOROUGH	MONMOUTH COUNTY			
2008	0.56	0.05	0.61	0.30	0.27			1.18	
2009	0.57	0.05	0.62	0.32	0.26			1.20	
2010	0.57	0.05	0.62	0.32	0.27			1.21	
2011	0.61	0.02	0.63	0.32	0.28			1.23	
2012	0.60	0.04	0.64	0.35	0.28			1.26	
2013	0.62	0.04	0.65	0.35	0.28			1.28	
2014	0.60	0.05	0.65	0.36	0.30			1.31	
2015	0.67	0.04	0.71	0.36	0.31			1.38	
2016	0.66	0.04	0.70	0.33	0.30			1.33	
2017	0.65	0.04	0.69	0.38	0.28			1.36	

Source: Municipal Tax Assessor

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

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

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

	2017			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Total	\$ -			\$ -		

NOT AVAILABLE

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2008	\$ 6,783,320.00	\$ 6,783,320.00	100.00%	-
2009	7,033,141.00	7,033,141.00	100.00%	-
2010	7,190,126.00	7,190,126.00	100.00%	-
2011	7,160,883.00	7,160,883.00	100.00%	-
2012	7,245,823.00	7,245,823.00	100.00%	-
2013	7,361,774.00	7,361,774.00	100.00%	-
2014	7,549,425.32	7,549,425.32	100.00%	-
2015	8,189,193.00	8,189,193.00	100.00%	-
2016	8,189,194.00	8,189,194.00	100.00%	-
2017	8,425,098.00	8,425,098.00	100.00%	-

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

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

Debt Capacity Information

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

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

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES					TOTAL DISTRICT	PERCENTAGE OF PERSONAL <u>INCOME</u>	PER <u>CAPITA</u>
	GENERAL OBLIGATION BONDS	CERTIFICATES OF <u>PARTICIPATION</u>	CAPITAL LEASES	BOND ANTICIPATION NOTES (<u>BANS</u>)				
2008	\$ 5,373,599.88	\$ -	\$ 97,000.00	\$ -	\$ 5,470,599.88	0.02	1,059.78	
2009	5,067,047.45	-	78,400.00	-	5,145,447.45	0.02	1,003.21	
2010	4,749,807.89	-	60,200.00	-	4,810,007.89	0.02	937.62	
2011	4,408,828.36	-	41,000.00	-	4,449,828.36	0.02	865.39	
2012	4,045,070.60	-	20,900.00	-	4,065,970.60	0.02	862.90	
2013	3,670,475.12	-	-	-	3,670,475.12	N/A	779.46	
2014	3,285,000.00	-	-	-	3,285,000.00	N/A	700.43	
2015	2,910,000.00	-	-	-	2,910,000.00	N/A	620.73	
2016	2,525,000.00	-	-	-	2,525,000.00	N/A	541.96	
2017	2,125,000.00	-	-	-	2,125,000.00	N/A	459.36	

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

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2008	\$ 5,664,476.00	\$ -	\$ 5,664,476.00	0.78	1,097.34
2009	5,373,599.88	-	5,373,599.88	0.46	1,047.69
2010	5,067,047.45	-	5,067,047.45	0.44	987.73
2011	4,749,807.89	-	4,749,807.89	0.41	923.73
2012	4,408,828.36	-	4,408,828.36	0.38	935.66
2013	4,045,070.60	-	4,045,070.60	0.35	859.01
2014	3,670,475.12	-	3,670,475.12	0.33	782.62
2015	2,910,000.00	-	2,910,000.00	0.71	623.93
2016	2,525,000.00	-	2,525,000.00	0.71	541.96
2017	2,125,000.00	-	2,125,000.00	0.70	460.85

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

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

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(UNAUDITED)**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes:			
Spring Lake Heights Borough	\$ 1,640,000.00	100%	\$ 1,640,000.00
Monmouth County General Obligation Debt	420,600,000.00	0.99%	4,163,940.00
			5,803,940.00
Subtotal, Overlapping Debt			2,125,000.00
Spring Lake Heights District Direct Debt			\$ 7,928,940.00
Total Direct and Overlapping Debt			\$ 7,928,940.00

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

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

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

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

	FISCAL YEAR ENDING JUNE 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 34,416,640.00	\$ 35,447,701.00	\$ 35,458,074.22	\$ 34,897,100.80	\$ 33,413,312.48	\$ 32,854,327.00	\$ 32,970,395.44	\$ 33,390,868.68	\$ 34,098,595.27	\$ 34,263,142.71
Total Net Debt Applicable To Limit	5,470,600.00	5,145,447.00	4,810,008.00	3,285,000.00	3,285,000.00	3,285,000.00	3,285,000.00	2,910,000.00	2,525,000.00	2,125,000.00
Legal Debt Margin	\$ 28,946,040.00	\$ 30,302,254.00	\$ 30,648,066.22	\$ 31,612,100.80	\$ 30,128,312.48	\$ 29,569,327.00	\$ 29,685,395.44	\$ 30,480,868.68	\$ 31,573,595.27	\$ 32,138,142.71

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit

	15.90	14.52	13.57	9.41	9.83	10.00	9.98	8.71	7.40	6.20
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Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2016	\$ 1,117,461,317.00
2015	1,191,391,637.00
2014	1,117,461,317.00
(A)	\$ 3,426,314,271.00
(A/3)	\$ 1,142,104,757.00
(B)	34,263,142.71
(C)	2,125,000.00
Legal Debt Margin	\$ 32,138,142.71

Average Equalized Valuation of Taxable Property
 Debt Limit (3% of Average Equalization Value)
 Total Net Debt Applicable To Limit

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

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

Demographic and Economic Information

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

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

<u>YEAR</u>	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2008	5,129	\$ 300,061,887.00	\$ 58,503.00	0.04
2009	5,130	303,772,950.00	59,215.00	N/A
2010	5,142	292,914,030.00	56,965.00	0.06
2011	4,694	270,407,544.00	57,387.00	0.06
2012	4,685	281,951,375.00	59,875.00	0.07
2013	4,669	290,765,930.00	61,997.00	0.07
2014	4,660	294,879,888.00	62,901.00	0.07
2015	4,644	322,340,040.00	69,410.00	0.05
2016	4,626	N/A	N/A	0.05
2017	4,611	N/A	N/A	3.90

Source:

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

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

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

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

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

Operating Information

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

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	25.0	25.0	24.0	23.0	23.0	23.0	24.0	24.0	24.0	24.0
Special Education	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs	-	-	-	-	-	-	-	-	-	-
Adult/Continuing Education Programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student and Instruction Related Services	4.0	4.0	4.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5
General Administration	3.0	3.0	3.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School Administrative Services	2.5	2.5	2.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Administrative Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	2.5	2.5	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	0.5	0.5	3.5	3.5	3.5	3.5	3.5	3.5
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	49.00	49.00	49.00	48.00	51.00	51.00	52.00	52.00	52.00	52.00

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)(c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2008	349.00	\$ 6,616,566.00	\$ 18,958.64	8.28%	32.80	10.64	334.70	319.30	32.82%	95.40%
2009	338.00	6,938,895.00	20,529.28	3.40%	32.80	10.30	334.90	320.00	0.06%	95.55%
2010	332.00	7,047,338.00	21,226.92	-10.15%	34.00	9.76	334.30	320.50	-0.18%	95.87%
2011	350.00	6,675,042.00	19,071.55	2.14%	32.00	10.94	348.20	333.60	4.16%	95.81%
2012	359.00	6,992,870.00	19,478.75	-3.82%	32.00	11.22	358.90	345.00	3.07%	96.13%
2013	375.00	7,025,831.00	18,735.55	-4.00%	31.00	12.10	364.30	347.60	1.50%	95.42%
2014	345.00	8,122,251.47	23,542.76	25.66%	32.00	10.78	347.63	332.74	2.00%	95.72%
2015	341.00	8,238,340.63	24,159.36	2.62%	32.00	10.66	341.00	324.81	-1.91%	95.25%
2016	348.00	8,276,620.00	23,783.39	1.58%	32.00	10.88	349.19	332.56	-2.33%	95.22%
2017	337.00	8,497,402.00	25,214.84	-5.68%	32.00	9.50	344.54	327.98	1.40%	95.19%

Source: District records

Note: Enrollment based on annual October District count.

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

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

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

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

DISTRICT/BUILDINGS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary:										
<u>Spring Lake Heights School (1937)</u>										
Square Feet	59,851	59,851	59,854	59,854	59,851	60,579	60,579	60,579	60,579	60,579
Capacity (Students)	468	468	468	468	468	468	468	468	468	468
Enrollment	349	338	332	350	359	375	345	341	341	341

Number of Schools at June 30, 2017
 Elementary & Middle School = 1

Source: District Facilities Office

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

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

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

	PROJECT #(s)	SPRING LAKE HEIGHTS SCHOOL	TOTAL
2008	N/A	\$ 21,289.92	\$ 21,289.92
2009	N/A	24,270.35	24,270.35
2010	N/A	21,150.07	21,150.07
2011	N/A	31,418.41	31,418.41
2012	N/A	57,557.45	57,557.45
2013	N/A	22,955.82	22,955.82
2014	N/A	74,437.19	74,437.19
2015	N/A	85,028.06	85,028.06
2016	N/A	150,550.00	150,550.00
2017	N/A	88,224.63	88,224.63
Total School Facilities		<u>\$ 576,881.90</u>	<u>\$ 576,881.90</u>

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

Source: District records

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents/Property	\$ 500,000,000.00	2,500.00
General and Automobile Liability	5,000,000.00	
Crime - Employee Dishonesty	500,000.00	1,000.00
Boiler and Machinery	100,000,000.00	2,500.00
Excess Liability (Umbrella)	5,000,000.00	
Errors & Omissions	1,000,000.00	
Workers' Compensation (2)	2,000,000.00	
Student Accident Insurance (3)	1,000,000.00	
Surety Bonds (4):		
Board Secretary/Business Administrator	175,000.00	
(1) School Alliance Insurance Fund		
(2) Monmouth-Ocean Shared Services Insurance Fund		
(3) Bollinger/Monumental Life Insurance Co.		
(4) Selective Insurance Company of America		

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Heights School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Spring Lake Heights School District’s basic financial statements, and have issued our report thereon dated December 01, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Spring Lake Heights School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School 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,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 01, 2017



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

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

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

Report on Compliance for Each Major State Program

We have audited the Spring Lake Heights School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/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, 2017. The Spring Lake Heights School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with 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 Spring Lake Heights School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit

includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Spring Lake Heights School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Spring Lake Heights School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Freehold, New Jersey
December 01, 2017

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SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PASSED-THROUGH NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM	TO	BALANCE AT JUNE 30, 2016	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE)	JUNE 30, 2017 UNEARNED REVENUE	DUO TO GRANTOR
U.S. Department of Agriculture:														
Passed-Through State Department of Education:														
Child Nutrition Cluster:														
National School Lunch Program														
Food Distribution Program (Noncash Assistance)	10.555	171N1304N1099	Unavailable	\$ 7,583.09	07/01/16	06/30/17	\$ -	\$ -	\$ 7,583.09	\$ (7,583.09)	\$ -	\$ -	\$ -	\$ -
Cash Assistance:	10.555	171N1304N1099	100-010-3350-026	12,094.94	07/01/16	06/30/17	-	-	11,570.18	(12,094.94)	-	(524.76)	-	-
National School Lunch Program	10.555	16161N1304N1099	100-010-3350-026	13,320.85	07/01/15	06/30/16	(631.59)	-	631.59	-	-	-	-	-
National School Lunch Program							(631.59)	-	19,784.86	(19,678.03)	-	(524.76)	-	-
Total Child Nutrition Cluster							(631.59)	-	19,784.86	(19,678.03)	-	(524.76)	-	-
Total U.S. Department of Agriculture							(631.59)	-	19,784.86	(19,678.03)	-	(524.76)	-	-
U.S. Department of Education:														
Passed-Through State Department of Education:														
Title I - Part A														
Title I - Part A	84.010	S010A160030	100-034-5064-194	41,164.00	7/1/2016	6/30/2017	-	-	41,164.00	(41,164.00)	-	-	-	-
Title I - Part A	84.010	S010A150030	100-034-5064-194	45,399.00	7/1/2015	6/30/2016	(4,610.00)	-	4,610.00	-	-	-	-	-
Subtotal Title I							(4,610.00)	-	45,774.00	(41,164.00)	-	-	-	-
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	13,998.00	7/1/2016	6/30/2017	-	-	13,998.00	(13,998.00)	-	-	-	-
Subtotal Title II							-	-	13,998.00	(13,998.00)	-	-	-	-
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	H027A160100	100-034-5065-016	90,202.00	7/1/2016	6/30/2017	-	-	90,202.00	(90,202.00)	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	H173A160114	100-034-5065-020	1,038.00	7/1/2016	6/30/2017	-	-	1,038.00	(1,038.00)	-	-	-	-
Total Special Education Cluster							-	-	91,240.00	(91,240.00)	-	-	-	-
Total Special Revenue Fund Assistance							(4,610.00)	-	151,012.00	(146,402.00)	-	-	-	-
Total U.S. Department of Education							(4,610.00)	-	151,012.00	(146,402.00)	-	-	-	-
Total Federal Awards							(5,241.59)	\$ -	170,796.86	(166,080.03)	\$ -	(524.76)	\$ -	\$ -

SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		DUE TO GRANTOR	CARRY-OVER/ (WALK-OVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE)	JUNE 30, 2017		MEMO CUMULATIVE TOTAL EXPENDITURES
			FROM	TO							UNEARNED REVENUES	DUE TO GRANTOR	
General Fund:													
State Department of Education													
Special Education Aid	495-034-5120-089	\$ 24,559.00	07/01/16	06/30/17	\$ -	\$ -	\$ 24,559.00	\$ -	\$ -	\$ -	\$ -	\$ 24,400.00	\$ 24,559.00
Security Aid	495-034-5120-084	9,257.00	07/01/16	06/30/17	-	-	9,257.00	-	-	-	-	938.00	9,257.00
PACC Readiness Aid	495-034-5120-098	4,770.00	07/01/16	06/30/17	-	-	4,770.00	-	-	-	-	262.00	4,770.00
Per Pupil Growth Aid	495-034-5120-097	4,770.00	07/01/16	06/30/17	-	-	4,770.00	-	-	-	-	162.00	4,770.00
Professional Learning Aid	495-034-5120-101	4,410.00	07/01/16	06/30/17	-	-	4,410.00	-	-	-	-	516.00	4,410.00
Total State Aid Public							47,766.00	67,766.00	-	-	-	5018.00	47,766.00
Transportation Aid	495-034-5120-014	279,783.00	07/01/16	06/30/17	-	-	279,783.00	-	-	-	-	24,910.00	279,783.00
Extraordinary Special Education Aid	495-034-5120-044	27,335.00	07/01/16	06/30/17	-	-	27,335.00	-	-	(27,335.00)	-	-	27,335.00
Reimbursement of Nonpublic	495-034-5120-044	11,119.00	07/01/15	06/30/16	(11,119.00)	-	11,119.00	-	-	-	-	-	-
Transportation	495-034-5120-014	712.00	07/01/15	06/30/16	(712.00)	-	712.00	-	-	-	-	-	-
Reimbursement of Nonpublic	495-034-5120-014	297.00	07/01/16	06/30/17	-	-	-	(297.00)	-	(297.00)	-	-	297.00
TPAF - Pension	495-034-5120-014	242,017.00	07/01/16	06/30/17	-	-	242,017.00	-	-	-	-	-	242,017.00
TPAF - Post Retirement	495-034-5094-002	201,656.00	07/01/16	06/30/17	-	-	201,656.00	-	-	-	-	-	201,656.00
Medical (Noncash Assistance)	495-034-5094-001	588.00	07/01/16	06/30/17	-	-	588.00	-	-	-	-	-	588.00
TPAF - Long-Term Disability	495-034-5094-004	177,481.05	07/01/16	06/30/17	-	-	177,481.05	-	-	-	-	-	177,481.05
Insurance (Noncash Assistance)	100-034-5094-004	177,481.05	07/01/16	06/30/17	-	-	177,481.05	-	-	-	-	-	177,481.05
Reimbursed TPAF Social Security Contributions	100-034-5094-003	961,122.05	07/01/16	06/30/17	(11,831.00)	-	961,122.05	(976,923.05)	-	(27,632.00)	-	29,809.00	976,923.05
Total General Fund							961,122.05	976,923.05	-	(27,632.00)	-	29,809.00	976,923.05
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	100-034-5120-064	980.00	07/01/16	06/30/17	-	-	980.00	(977.76)	-	-	2.24	-	977.76
N.J. Nonpublic Nursing	100-034-5120-070	1,530.00	07/01/16	06/30/17	-	-	1,530.00	(1,530.00)	-	-	-	-	1,530.00
N.J. Nonpublic Technology	100-034-5120-373	442.00	07/01/16	06/30/17	-	-	442.00	-	-	-	442.00	-	-
N.J. Nonpublic Security	100-034-5120-509	850.00	07/01/16	06/30/17	-	-	850.00	-	-	-	850.00	-	-
Total Special Revenue Fund							3,802.00	(2,507.76)	-	-	1,294.24	-	2,507.76
Enterprise Fund:													
State School Lunch Program	100-010-3350-023	774.36	07/01/16	06/30/17	-	-	799.92	(774.36)	-	(34.44)	-	-	774.36
State School Lunch Program	100-010-3350-023	764.12	07/01/15	06/30/16	(38.62)	-	38.62	-	-	-	-	-	-
Total Enterprise Fund							778.54	(774.36)	-	(34.44)	-	-	774.36
Total State Financial Assistance							965,702.59	(980,205.17)	-	(27,666.44)	-	1,294.24	\$ 29,809.00
State Financial Assistance Programs not subject to Calculation for Major Program Determination:													
TPAF - Post Retirement	495-034-5094-001	\$ 201,656.00	7/1/16-6/30/17										
Medical (Noncash Assistance)	495-034-5094-001	\$ 201,656.00	7/1/16-6/30/17										
TPAF - Pension	495-034-5094-002	242,017.00	7/1/16-6/30/17										
Contributions (Noncash Assistance)	495-034-5094-002	242,017.00	7/1/16-6/30/17										
TPAF - Long-Term Disability	495-034-5094-004	588.00	7/1/16-6/30/17										
Insurance (Noncash Assistance)	495-034-5094-004	588.00	7/1/16-6/30/17										
Total State Financial Assistance subject to Calculation for Major Program Determination													\$ (355,944.17)

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

SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Spring Lake Heights School District. The School District is defined in Note 1 of the 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 New Jersey OMB's Circular 15-08, *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 is included on the schedule of expenditures of federal awards and state financial assistance.

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 and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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.

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(578) for the general fund. See Exhibit C-3 Note A of the basic financial statements, 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 Fund	\$ -	\$ 976,345.05	\$ 976,345.05
Special Revenue Fund	146,402.00	2,507.76	148,909.76
Food Service Fund	<u>19,678.03</u>	<u>774.36</u>	<u>20,452.39</u>
Total Awards & Financial Assistance	<u>\$ 166,080.03</u>	<u>\$ 979,627.17</u>	<u>\$ 1,145,707.20</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. Federal and State Loans Outstanding

The Spring Lake Heights School District had no loan balances outstanding at June 30, 2017.

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

 2) Significant deficiency(ies) identified? yes X no

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 OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5095-002	Reimbursed TPAF

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None

**SPRING LAKE HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.