

**SCHOOL DISTRICT**

**OF**

**ATLANTIC HIGHLANDS**

**ATLANTIC HIGHLANDS BOARD OF EDUCATION**  
**ATLANTIC HIGHLANDS, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**ATLANTIC HIGHLANDS BOARD OF EDUCATION**

**ATLANTIC HIGHLANDS, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PREPARED BY**

**ATLANTIC HIGHLANDS BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# ATLANTIC HIGHLANDS SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**



# Atlantic Highlands Board of Education

Dr. Susan Compton  
Superintendent

Mrs. Sara Weimer  
President

Mrs. Janet Sherlock  
Business Administrator/Board Secretary

December 3, 2015

Honorable President and  
Members of the Board of Education  
Atlantic Highlands School District  
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Atlantic Highlands School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on 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.

## **1. REPORTING ENTITY AND ITS SERVICES:**

Atlantic Highlands School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Atlantic Highlands Board of Education and its elementary school constitute the District's reporting entity.

The district provides a full range of education programs and services appropriate to grades Pre-K through 6. These include regular and special education for students with disabilities. The district completed the 2014-2015 fiscal year with an average daily enrollment of 318 students.

## **2. ECONOMIC CONDITION AND OUTLOOK:**

Atlantic Highlands is a stable, older, year-round community. In October 2012, Atlantic Highlands was hit by Super Storm Sandy. The Atlantic Highlands Harbor suffered substantial damage. Many homes in town were also damaged. The Atlantic Highlands Harbor has been fully restored and is again open for business. The downtown business area is also growing. There is a heightened interest in property ownership with property values remaining stable. This is also evidenced in an increase in the ratables and the renovation of the main business district. The appeal of this shoreline community is due in part, to its proximity to Manhattan and the prosperous harbor.

## **3. MAJOR INITIATIVES:**

Atlantic Highlands Elementary School continues to provide an exceptional educational experience for all students. The breadth of programs from special education to gifted and talented meets each child's unique needs. The 2014-2015 school year demonstrated a continuing emphasis on curriculum alignment to the national Common Core Curriculum Standards. The district has realigned the math curriculum and purchased a new online math textbook series called Digits. The district has implemented the new teacher's evaluation system mandated by the state. Our teachers continue to receive professional development throughout the year. Often in an effort to reduce cost, Atlantic Highlands holds professional development days in conjunction with other districts.

## **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

## **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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

#### **7. FINANCIAL INFORMATION AT FISCAL YEAR-END:**

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.

#### **8. DEBT ADMINISTRATION:**

At June 30, 2015, the District had outstanding debt issues in the amount of \$2,365,000.

In March 2003 voters of the Borough of Atlantic Highlands approved a \$6,292,000 referendum for capital project #0130-020-02-1112/Renovations and Addition to the Atlantic Highlands Elementary School. Bonds were sold in August of 2003 in the amount of \$4,063,000 to fund the project along with a state grant in the amount of \$2,083,130. The proceeds of this bond issue were placed in the District's capital projects fund to finance capital improvements to the District's building and grounds. These improvements included an 11,000 sq. ft addition to house a new cafeteria, library/media center, a science classroom, special education classroom and an elevator to enable the district to be ADA compliant. Renovations to the existing building included reroofing, a total overhaul of the HVAC system, rehabilitation of kindergarten, pre-school disabled and music/band classrooms, small group instruction space and much needed upgrades to the electrical and communications systems. Repayment of interest began in August of 2004; repayment of principal began in August 2005.

In September 2009 voters of the Borough of Atlantic Highlands approved a \$490,000 referendum for capital project #0130-020-09-2000/Atlantic Highlands Elementary School Solar Panels. Bonds were sold in December of 2009 in the amount of \$490,000 to fund the project. The proceeds of this bond issue were placed in the District's capital projects fund to finance capital improvements to the District's building and grounds. The project included the installation of Solar Panels on the roof of the elementary school. Repayment of interest began in September of 2010; repayment of principal began in March 2011.

#### **9. CASH MANAGEMENT:**

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

#### **10. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, boiler and machinery, workers compensation, hazard and theft insurance on property and contents, and fidelity bonds.

**11. OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB.

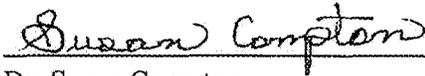
The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

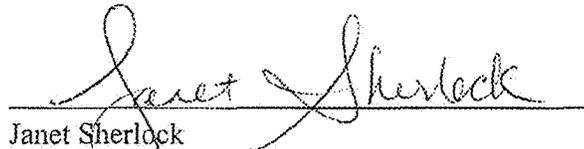
**12. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Atlantic Highlands School Board 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 financial and accounting staff.

Respectfully submitted,



Dr. Susan Compton  
Superintendent of Schools



Janet Sherlock  
School Business Administrator /Board Secretary

ATLANTIC HIGHLANDS BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Saranne Weimer, President	2015
Alyson Denzler, Vice President	2017
Conor Barnes	2015
Hope Hanlon	2017
Steven Lombardi	2016
Julie Mahoney	2017
Suzanne Santry	2015
Brent Sonnek-Schmelz	2016
Corinna Thuss	2016

Other Officials

Dr. Susan Compton, Superintendent

Ms. Janet Sherlock, School Business Administrator/Board Secretary

Ms. Janet Walling, Principal

Mr. Daniel Loughran, Supervisor of Curriculum & Instruction

**ATLANTIC HIGHLANDS BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Robert A. Hulsart & Co.  
2807 Hurley Pond Road  
Wall, N.J. 07719

**Attorneys**

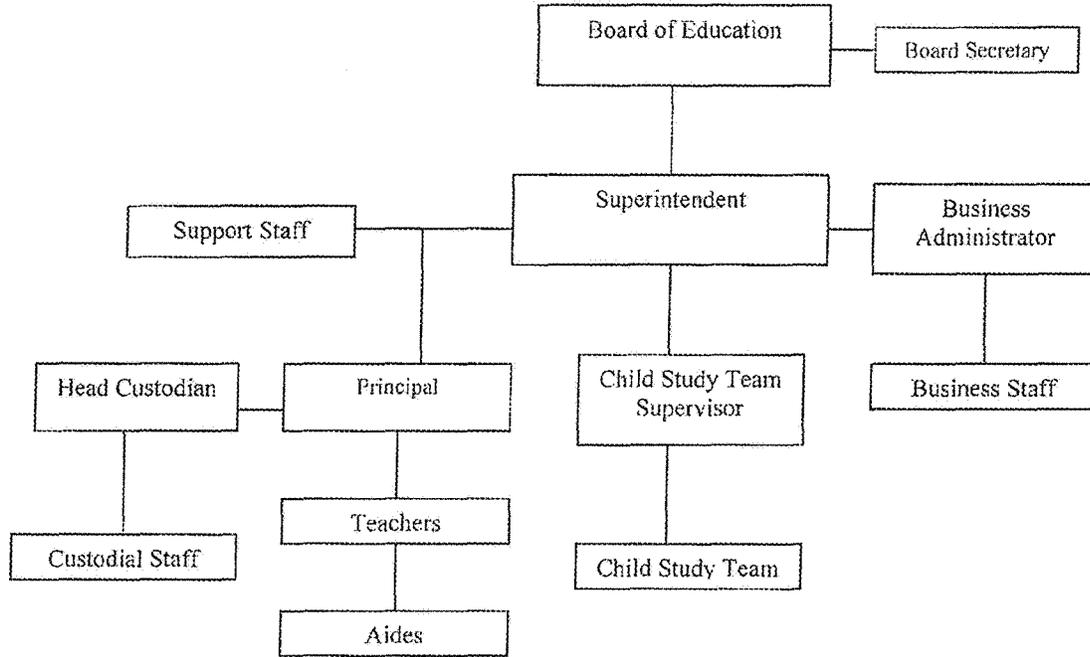
McOmber & McOmber  
54 Shrewsbury Avenue  
Red Bank, N.J. 07701

**Official Depository**

Wells Fargo Bank, N.A.  
111 First Avenue  
Atlantic Highlands, N.J. 07716

ATLANTIC HIGHLANDS BOARD OF EDUCATION

ORGANIZATIONAL CHART  
(Unit Control)



**FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

8.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:  
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2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Atlantic Highlands School District  
County of Monmouth  
Atlantic Highlands, New Jersey

### **Report on the Financial Statements**

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

### Management's Responsibility for the Financial Statements

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

### Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Atlantic Highlands School District, in the County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Atlantic Highlands's Board of Education internal control over financial reporting and 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 Atlantic Highlands Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

December 3, 2015

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**  
**BOROUGH OF ATLANTIC HIGHLANDS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The discussion and analysis of Atlantic Highlands School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD & A is a Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement -and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

**Financial Highlights**

Key Financial highlights for the 2014-2015 fiscal year are as follows:

- General revenues accounted for \$5,515,475 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions, and debt service accounted for \$318,353 or 6% percent to total revenues of \$5,833,828.
- Net Position of governmental activities decreased by \$899,570 due to pension adjustment.
- The School District had \$5,830,835 in expenses; only \$318,353 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,515,475 were adequate to provide for these programs.
- The General Fund had \$5,174,152 in revenues and \$5,298,628 in expenditures. The General Fund's balance decreased by \$243,051. This increase was anticipated by the Board of Education.

## Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Atlantic Highlands School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## Reporting the School District as a Whole

### Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2014-2015 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

## Reporting the School District's Most Significant Funds

### Fund Financial Statements

The analysis of the School District's major (all) funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### Governmental Funds

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

### Enterprise Fund

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

### The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2015 with 2014.

**Table 1**  
**Net Position**

	<u>2015</u>	<u>2014</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,403,100	1,461,429
Capital Assets, Net	<u>5,357,124</u>	<u>5,594,185</u>
Total Assets	<u>\$ 6,760,224</u>	<u>7,055,614</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 78,956</u>	=====
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 53,788</u>	=====

**Table 1**  
**Net Position (Continued)**

	<u>2015</u>	<u>2014</u>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 257,683	407,079
Other Liabilities	<u>3,717,401</u>	<u>2,795,150</u>
Total Liabilities	<u>\$ 3,975,084</u>	<u>3,202,229</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ 2,712,124	2,534,035
Restricted	893,183	1,056,239
Unrestricted	<u>(794,999)</u>	<u>263,111</u>
Total Net Position	<u>\$ 2,810,308</u>	<u>3,853,385</u>

Table 2 shows the changes in net position for fiscal year 2015 and 2014.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 111,791	353,382
Operating Grants and Contributions	206,562	195,477
General Revenues		
Property Taxes	4,482,855	4,501,172
Grants and Entitlements	846,792	695,152
Other	<u>185,828</u>	<u>34,198</u>
Total Revenues	<u>\$ 5,833,828</u>	<u>5,779,381</u>
<b><u>Program Expenses</u></b>		
Instruction	\$ 2,521,405	2,406,002
Support Services		
Pupils and Instructional Staff	605,560	620,541
General Administration, School Administration, Business	465,336	382,112
Operations and Maintenance of Facilities	343,894	396,932
Pupil Transportation	46,404	63,760
Interest on Debt	97,832	105,646
Food Service	84,338	84,826
Miscellaneous	<u>1,666,066</u>	<u>1,720,384</u>
Total Expenses	<u>\$ 5,830,835</u>	<u>5,780,203</u>
Pension Restatement	<u>\$ (902,563)</u>	<u>                    </u>
Increase/ (Decrease) in Net Position	<u>\$ (899,570)</u>	<u>(822)</u>

## **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 82 percent of revenues for governmental activities for the Atlantic Highlands School District for fiscal year 2015. The District's total revenues were \$5,722,037 for the fiscal year ended June 30, 2015. Federal, state and local grants accounted for \$1,053,354 or 18 percent.

## **Business-Type Activities**

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

- Food service revenues were short of expenses by \$12,555.
- Charges for services represent \$48,400 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$23,383. Overall net assets as of June 30, 2015 were \$26,173.

## **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

## The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Atlantic Highland's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position balance of \$2,810,308. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net position.

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

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

## Capital Assets

At June 30, 2015, the School Board had approximately \$5,357,124 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

	<b>Governmental Activities</b>	<b>Business Type Activities</b>
Table II Capital Assets at June 30, 2015		
Land	\$ 93,591	
Buildings	5,141,839	
Machinery and Equipment	<u>103,907</u>	<u>17,787</u>
Total	<u>\$ 5,339,337</u>	<u>17,787</u>

**Debt Administration**

At June 30, 2015, the School District had \$3,717,401 as outstanding debt. Of this amount \$169,838 is for compensated absences, and the balance \$2,645,000 for bonds for school construction. The District also recorded a deferred pension liability of \$902,563 in 2014-2015.

**Economic Factors and Next Year's Budget**

The Atlantic Highlands School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Atlantic Highlands is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Janet Sherlock, School Business Administrator/Board Secretary at Atlantic Highlands Board of Education, 140 First Avenue, Atlantic Highlands, NJ 07716.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 254,270	11,061	265,331
Receivables, Net	245,302	1,582	246,884
Inventory		1,580	1,580
Restricted Assets:			
Cash and Cash Equivalents	889,305		889,305
Capital Assets-(Non-Depreciable)	93,591		93,591
Capital Assets, Net	5,245,746	17,787	5,263,533
Total Assets	<u>6,728,214</u>	<u>32,010</u>	<u>6,760,224</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>78,956</u>		<u>78,956</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>53,788</u>		<u>53,788</u>
<b><u>Liabilities</u></b>			
Accounts Payable	251,846	5,837	257,683
Noncurrent Liabilities:			
Due Within One Year	270,000		270,000
Due Beyond One Year	3,447,401		3,447,401
Total Liabilities	<u>3,969,247</u>	<u>5,837</u>	<u>3,975,084</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	2,694,337	17,787	2,712,124
Restricted For:			
Capital Projects	240,072		240,072
Other Purposes	653,111		653,111
Unrestricted	<u>(803,385)</u>	<u>8,386</u>	<u>(794,999)</u>
Total Net Position	<u>\$ 2,784,135</u>	<u>26,173</u>	<u>2,810,308</u>

The accompanying notes to financial statements are an integral part of this statement.

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

Exhibit A-2

Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,780,005			(1,780,005)		(1,780,005)
Special Education	658,278		77,212	(581,066)		(581,066)
Other Special Instruction	62,597			(62,597)		(62,597)
Other Instruction	20,525			(20,525)		(20,525)
Support Services:						
Tuition	63,391	63,391				-
Student & Instruction Related Services	542,169		105,967	(436,202)		(436,202)
School Administrative Services	138,505			(138,505)		(138,505)
General and Business Administrative Services	326,831			-		-
Plant Operations and Maintenance	343,894			(343,894)		(343,894)
Pupil Transportation	46,404			(46,404)		(46,404)
Employee Benefits	1,430,813			(1,430,813)		(1,430,813)
Interest on Long-Term Debt	97,832			(97,832)		(97,832)
Unallocated Depreciation	235,253			(235,253)		(235,253)
<b>Total Government Activities</b>	<b>5,746,497</b>	<b>63,391</b>	<b>183,179</b>	<b>(5,499,927)</b>	<b>-</b>	<b>(5,499,927)</b>
Business-Type Activities:						
Food Service	84,338	48,400	23,383	-	(12,555)	(12,555)
<b>Total Business-Type Activities</b>	<b>84,338</b>	<b>48,400</b>	<b>23,383</b>	<b>-</b>	<b>(12,555)</b>	<b>(12,555)</b>
<b>Total Primary Government</b>	<b>5,830,835</b>	<b>111,791</b>	<b>206,562</b>	<b>(5,499,927)</b>	<b>(12,555)</b>	<b>(5,512,482)</b>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	4,184,461		4,184,461
Taxes Levied for Debt Service	298,394		298,394
Federal and State Aid Not Restricted	846,792		846,792
Miscellaneous Income	185,828		185,828
Total General Revenues	<u>5,515,475</u>	<u>-</u>	<u>5,515,475</u>
Change in Net Position	15,548	(12,555)	2,993
Restatement for Pension	(902,563)		(902,563)
Net Position - Beginning	<u>3,671,150</u>	<u>38,728</u>	<u>3,709,878</u>
Net Position - Ending	<u>\$ 2,784,135</u>	<u>26,173</u>	<u>2,810,308</u>

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 907,381		236,194	1,143,575
Cash and Cash Equivalents-Restricted				-
Receivables from Other Governments	37,114	128,188	80,000	245,302
Interfund Receivable	<u>121,682</u>			<u>121,682</u>
				-
Total Assets	<u>\$ 1,066,177</u>	<u>128,188</u>	<u>316,194</u>	<u>1,510,559</u>
<b><u>Liabilities and Fund Balance</u></b>				
Liabilities:				
Accounts Payable	\$ 169,218	6,506	76,122	251,846
Interfund Payable		<u>121,682</u>		<u>121,682</u>
Total Liabilities	<u>169,218</u>	<u>128,188</u>	<u>76,122</u>	<u>373,528</u>
Fund Balance:				
Restricted for:				
Excess Surplus	153,812			153,812
Excess Surplus - Designed for Subsequent Years				-
Expenditures	241,113			241,113
Committed To:				
Maintenance Reserve	147,894			147,894
Emergency Reserve	2,200			2,200
Capital Reserve Account	100,000			100,000
Assigned To:				
Designated by the BOE for Subsequent Year's				
Expenditures	8,092			8,092
Unassigned:				
Capital Projects			240,072	240,072
General Fund	<u>243,848</u>			<u>243,848</u>
Total Fund Balances	<u>896,959</u>	<u>-</u>	<u>240,072</u>	<u>1,137,031</u>
Total Liabilities and Fund Balance	<u>\$ 1,066,177</u>	<u>128,188</u>	<u>316,194</u>	

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 \$9,190,345 and the accumulated depreciation is \$3,851,008.

5,339,337

Deferred outflow of resources - contributions to the pension plan

78,956

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(53,788)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(3,717,401)

Net position of governmental activities

\$ 2,784,135

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

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

Exhibit B-2  
Sheet 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues</u></b>					
Local Sources:					
Local Tax Levy	\$ 4,184,461			298,394	4,482,855
Tuition Charges	244,764				244,764
Miscellaneous	3,030				3,030
Total Local Sources	<u>4,432,255</u>	-	-	<u>298,394</u>	<u>4,730,649</u>
State Sources	741,897	62,000	80,000	21,696	905,593
Federal Sources		124,378			124,378
Total Revenues	<u>5,174,152</u>	<u>186,378</u>	<u>80,000</u>	<u>320,090</u>	<u>5,760,620</u>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	1,780,005				1,780,005
Special Education Instruction	581,066	77,212			658,278
Other Special Instruction	62,597				62,597
Other Instruction	20,525				20,525
Support Services and Undistributed Costs:					
Tuition	63,391				63,391
Student and Instruction Related Services	436,202	105,967			542,169
School Administrative Services	138,505				138,505
Other Administrative Services	326,831				326,831
Plant Operations and Maintenance	343,894				343,894
Pupil Transportation	46,404				46,404
Unallocated Benefits	1,436,293				1,436,293
Capital Outlay	62,915	3,199	76,122		142,236
Debt Service Principal				265,000	265,000
Interest on Debt Service				101,251	101,251
Total Expenditures	<u>5,298,628</u>	<u>186,378</u>	<u>76,122</u>	<u>366,251</u>	<u>5,927,379</u>

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

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

Exhibit B-2

Sheet 2 of 2

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2015**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Capital Projects Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Excess (Deficiency) of Revenues Over Expenditures	<u>(124,476)</u>	<u>-</u>	<u>3,878</u>	<u>(46,161)</u>	<u>(166,759)</u>
Other Financing Sources:					
Accounts Payable Cancelled	1,425				1,425
Transfer to Debt Service			(46,161)	46,161	
Transfer from Current to Capital Projects	<u>(120,000)</u>		<u>120,000</u>		
Total Other Financing Sources	<u>(118,575)</u>	<u>-</u>	<u>73,839</u>	<u>46,161</u>	<u>1,425</u>
Net Change in Fund Balance	(243,051)	-	77,717	-	(165,334)
Fund Balance - July 1	<u>1,140,010</u>	<u></u>	<u>162,355</u>	<u></u>	<u>1,302,365</u>
Fund Balance - June 30	<u>\$ 896,959</u>	<u>-</u>	<u>240,072</u>	<u>-</u>	<u>1,137,031</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Exhibit B-3

**TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR END JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (165,334)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	142,236
Depreciation Expense	(235,253)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities	265,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	78,956
Pension related deferrals	(53,788)
Compensated Absences	(19,688)
Accrued Interest	<u>3,419</u>
Change in Net Position of Governmental Activities	<u><u>\$ 15,548</u></u>

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

STATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2015

	<u>Enterprise Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 11,061
Accounts Receivable:	
State	70
Federal	1,512
Inventory	1,580
Total Current Assets	<u>14,223</u>
Noncurrent Assets:	
Equipment	78,869
Less: Accumulated Depreciation	<u>(61,082)</u>
Total Noncurrent Assets	<u>17,787</u>
Total Assets	<u>\$ 32,010</u>
<b><u>Liabilities</u></b>	
Accounts Payable	<u>\$ 5,837</u>
<b><u>Net Position</u></b>	
Investment in Capital Assets	\$ 17,787
Unrestricted	<u>8,386</u>
Total Net Position	<u>\$ 26,173</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET POSITIONPROPRIETARY FUNDSJUNE 30, 2015

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 48,400
Total Operating Revenue	<u>48,400</u>
Operating Expenses:	
Salaries	27,382
Management Fee	7,315
Miscellaneous	7,750
Supplies	4,055
Cost of Sales	33,880
Depreciation	3,956
Total Operating Expenses	<u>84,338</u>
Operating (Loss)/Profit	(35,938)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	775
Federal Sources:	
National School Lunch Program	14,733
HHFKA Lunch Program	1,005
Commodities	6,870
Total Non-Operating Revenues	<u>23,383</u>
Change in Net Position	(12,555)
Net Position, July 1	<u>38,728</u>
Net Position, June 30	<u>\$ 26,173</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2015

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 48,400
Payments to Suppliers	(67,439)
Net Cash Used by Operating Activities	<u>(19,039)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	775
Federal Sources	15,738
Net Cash Provided by Noncapital Financing Activities	<u>16,513</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,526)
Cash and Cash Equivalents July 1	<u>13,587</u>
Cash and Cash Equivalents June 30	<u>\$ 11,061</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (35,938)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	3,956
Federal Commodities	6,870
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	164
Increase/(Decrease) in Accounts Payable	3,778
(Increase)/Decrease in Accounts Receivable	<u>2,131</u>
Net Cash Used by Operating Activities	<u>\$ (19,039)</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 12,036
Total Assets	<u>\$ 12,036</u>
Net Position:	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 12,036</u>
Total Net Position	<u>\$ 12,036</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
<b><u>Additions</u></b>	
Contributions:	
Other	\$ 5,614
Total Additions	<u>5,614</u>
<b><u>Deductions</u></b>	
Unemployment Claims	<u>1,427</u>
Total Deductions	<u>1,427</u>
Change in Net Position	4,187
Net Position - Beginning of Year	<u>7,849</u>
Net Position - End of the Year	<u>\$ 12,036</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**ATLANTIC HIGHLANDS SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**NOTE 1: Summary of Significant Accounting Policies**

The financial statements of the Board of Education (Board) of the Atlantic Highlands School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Atlantic Highlands School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Atlantic Highlands School District had an approximate enrollment at June 30, 2015 of 318 students.

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

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

**B. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

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

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

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

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

E. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. 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(g)1. All budget amendments must be approved by School Board resolution.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

**G. 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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**H. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**I. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

**J. Capital Assets and Depreciation**

The District’s property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. This report was prepared during 2006. The report included capital assets purchased during the 2005-2006 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2006, fiscal year 2006 depreciation expense, total accumulated depreciation and book values were also provided. The report was updated to include 2014-2015 activity. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

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

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 93,591	_____	_____	93,591
Total Capital Assets Not Being Depreciated	<u>93,591</u>	_____	_____	<u>93,591</u>
Depreciable Assets:				
Buildings & Sites	8,377,835			8,377,835
Equipment	<u>716,771</u>	<u>2,148</u>	_____	<u>718,919</u>
Total	<u>9,094,606</u>	<u>2,148</u>	_____	<u>9,096,754</u>
Less: Accumulated Depreciation for:				
Buildings & Sites	(3,030,056)	(205,940)		(3,235,996)
Equipment	<u>(585,699)</u>	<u>(29,313)</u>	_____	<u>(615,012)</u>
Total Accumulated Depreciation	<u>(3,615,755)</u>	<u>(235,253)</u>	_____	<u>(3,851,008)</u>
Net Depreciable Assets	<u>5,478,851</u>	<u>(233,105)</u>	_____	<u>5,245,746</u>
Governmental Activities Capital Assets, (Net)	<u>\$ 5,572,442</u>	<u>(233,105)</u>	=====	<u>5,339,337</u>
Business-Type Activities:				
Equipment	\$ 78,869			78,869
Less: Accumulated Depreciation for:				
Equipment	<u>(57,126)</u>	<u>(3,956)</u>	_____	<u>(61,082)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,743</u>	<u>(3,956)</u>	=====	<u>17,787</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 233,105</u>
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**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Compensated Absences**

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

**L. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

**M. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

**N. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**O. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**P. Tuition Payable**

Tuition charges for the fiscal year 2014-2015 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Investments (Continued)**

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Interest Bearing Checking Accounts	\$ 1,160,298
Cash Management Fund	80,112
On Hand	<u>100</u>
Total	<u>\$ 1,240,510</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2015 was \$1,240,510 and the bank balance was \$1,306,573. Of the bank balance \$250,000 was covered by federal depository insurance and \$976,361 was covered by a collateral pool maintained by the banks as required by New Jersey statutes; \$80,112 was uninsured and \$100 was On-Hand.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

Insured:	
FDIC	\$ 250,000
GUDPA	976,361
Uninsured	80,112
On-Hand	<u>100</u>
	<u>\$ 1,306,573</u>

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2015, the District had \$80,112 on deposit with the New Jersey Cash Management Fund.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>	<u>Long-Term Portion</u>	<u>2015-16 Payment</u>
Compensated Absences Payable	\$ 150,150	19,688		169,838	169,838	
Bonds Payable	2,910,000		(265,000)	2,645,000	2,375,000	
Pension Liability		902,563		902,563	902,563	270,000
	<u>\$ 3,060,150</u>	<u>922,251</u>	<u>(265,000)</u>	<u>3,717,401</u>	<u>3,447,401</u>	<u>270,000</u>

**A. Bonds Payable**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 270,000	93,688	363,688
2017	280,000	85,437	365,437
2018	280,000	76,350	356,350
2019	280,000	67,263	347,263
2020	290,000	56,950	346,950
2012-2025	<u>1,245,000</u>	<u>126,900</u>	<u>1,371,900</u>
	<u>\$ 2,645,000</u>	<u>506,588</u>	<u>3,151,588</u>

Bonds issued 12/23/09 for \$490,000 at an interest rate of 4.25% maturing 3/1/20 with a balance of \$275,000 at June 30, 2015.

Refunds bonds issued March 6, 2012 for \$2,620,000 at an interest rate of between 2% to 4% maturing August 15, 2024 with a balance of \$2,370,000 at June 30, 2015.

**NOTE 4: Pension Plans**

**Description of Plans** – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**NOTE 4: Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF)** – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** – The Public Employee's Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members 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.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**NOTE 4: Pension Plans (Continued)**

**Contribution Requirements** – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 43,936	100%	0
6/30/14	37,269	100%	0
6/30/13	42,234	100%	0

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 363,860	100%	0
6/30/14	300,447	100%	0
6/30/13	355,867	100%	0

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$363,860 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$196,071 during the year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

**NOTE 4: Pension Plans (Continued)****Pension Expense Deferred Outflows/Inflows – PERS**

For the year ended June 30, 2015, the District recognized pension expense of \$43,936. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience Changes of Assumptions	\$ 28,381	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		53,788
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	6,639	
District Contributions Subsequent to the Measurement Date	<u>43,936</u>	<u>      </u>
Total	<u>\$ 78,956</u>	<u>53,788</u>

\$78,956 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at December 31, 2013 and 2014 are as follows:

	<b><u>Dec. 31, 2014</u></b>	<b><u>Dec. 31, 2013</u></b>
Collective Deferred Outflows of Resources	\$ 78,956	
Collective Deferred Inflows of Resources	53,788	
Collective Net Pension Liability	902,563	913,469
District's Proportion	.00482%	.00478%

**NOTE 4: Pension Plans (Continued)****Components of Net Pension Liability**

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

	<b>2014</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%
	<b>2013</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 27,515,277,069	37,272,295,162	64,787,572,231
Plan Fiduciary Net Position	<u>8,216,653,950</u>	<u>18,160,308,251</u>	<u>26,376,962,201</u>
Net Pension Liability	<u>\$ 19,298,623,119</u>	<u>19,111,986,911</u>	<u>38,410,610,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%	48.72%	40.71%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%

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

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

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>2014</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (4.39%)</u></b>	<b><u>Discount</u></b>	<b><u>Increase (6.39%)</u></b>
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>
	<b>2013</b>		
	<b>At 1%</b>	<b>At Current</b>	<b>At 1%</b>
	<b><u>Decrease (4.55%)</u></b>	<b><u>Discount</u></b>	<b><u>Increase (6.55%)</u></b>
State	\$ 22,822,255,839	19,298,623,119	16,351,193,705
Local	<u>23,791,905,551</u>	<u>19,111,986,911</u>	<u>15,190,834,283</u>
Total	<u>\$ 46,614,161,390</u>	<u>38,410,610,030</u>	<u>31,542,027,988</u>

**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Total Pension Liability	\$ 81,095,320,000	76,678,639,671
Plan Fiduciary Net Position	<u>27,282,252,461</u>	<u>25,888,126,040</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>	<u>50,790,513,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

**NOTE 4: Pension Plans (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2014</u>	<u>2013</u>
District's Liability	<u>\$ 14,380,175</u>	<u>13,063,115</u>
District's Proportion	.02672%	.02572%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. 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	7.90%

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

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

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2014 (3.68%, 4.68%, 5.68%)	\$ 64,722,984,539	53,813,067,539	44,738,870,539
2013 (3.95%, 4.95%, 5.95%)	61,017,578,926	50,790,513,631	42,351,665,847

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**NOTE 6: Contingent Liabilities**

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

**NOTE 7: Equity Balance**

At June 30, 2015, the General Fund equity balance was as follows:

Restricted Fund Balance:	
Emergency Reserve	\$ 2,200
Maintenance Reserve	147,894
Capital Reserve	100,000
Excess Surplus	153,812
Excess Surplus – Designated for Subsequent Year’s Expenditures	241,113
Assigned Fund Balance:	
Designated for Subsequent Year’s Expenditures	8,092
Unassigned Fund Balance	<u>257,186</u>
	<u>\$ 910,297</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

**2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures Per the CAFR	\$ 5,298,628
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(559,931)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 4,738,697</u>
2% of Adjusted 2014-15 General Fund Expenditures	<u>\$ 94,774</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustments	<u>7,186</u>
Maximum Unassigned Fund Balance	<u>\$ 257,186</u>
<b><u>Section 2</u></b>	
Total General Fund – Fund Balance @ 6-30-15	\$ 910,297
Decreased by:	
Designated for Subsequent Years Expenditures – Excess Surplus	(241,113)
Designated for Subsequent Years Expenditures	(8,092)
Other Reserves	<u>(250,094)</u>
Total Unassigned Fund Balance	<u>\$ 410,998</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 153,812</u>

**NOTE 7: Equity Balance (Continued)****2% Calculation of Excess Surplus (Continued)****Section 3**

Designated for Subsequent Years Expenditures - Excess Surplus	\$ 241,113
Reserved Fund Balance – Excess Surplus	<u>153,812</u>
	<u>\$ 394,925</u>

**Detail of Allowable Adjustments**

Extraordinary Aid	\$ 2,836
Non-Public Transportation	<u>4,350</u>
Total Detail of Allowable Adjustments	<u>\$ 7,186</u>

**Detail of Other Restricted Fund Balance**

Maintenance Reserve	\$ 147,894
Emergency Reserve	2,200
Capital Reserve	<u>100,000</u>
Total Other Reserved Fund Balance	<u>\$ 250,094</u>

**NOTE 8: Risk Management**

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

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

**New Jersey Unemployment Compensation Insurance** – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2014-2015	0	5,614	1,426	12,036
2013-2014	0	5,311	21,287	7,849
2012-2013	0	3,259	4,423	23,825

**NOTE 9: Interfund Receivables and Payables**

	<u>To</u>	<u>From</u>
General Fund	\$ 121,682	
Special Revenue		121,682

The above interfunds represent monies borrowed from the General Fund to eliminate the deficit in the Special Revenue Fund caused by the Federal funding of grants being on a reimbursement basis in the Special Revenue Fund. The General Fund will be reimbursed when the funding is received in 2015-2016.

**NOTE 10: Capital Reserve Account**

A Capital Reserve account was established by the Borough of Atlantic Highlands Board of Education by inclusion of \$1,000 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

"A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan." (N.J.S.A. 18A:7G-31c)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

Balance June 30, 2014	\$ 101,021
Less: Withdrawal Per Budget	<u>(1,021)</u>
Balance June 30, 2015	<u>\$ 100,000</u>

**NOTE 11: Current Expense Emergency Reserve Account**

The reserve account is to be used to finance future unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the district's general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

**NOTE 12: Fair Values of Financial Instruments**

The following methods and assumptions were used by the Atlantic Highlands Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 13: Fund Balance Appropriated**

**General Fund** – Of the \$910,297 General Fund fund balance at June 30, 2015; \$2,200 is emergency reserve; \$147,894 is maintenance reserve; \$153,812 is excess surplus; \$241,113 is excess surplus designated for subsequent years expenditures; \$1,021 has been reserved in the Capital Reserve Account; \$8,092 has been appropriated and included as anticipated revenue for the year ending June 30, 2015; and \$257,186 is unreserved and undesignated.

**NOTE 14: Economic Dependency**

The 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, may have an effect on the District's programs and activities.

**NOTE 15: Recent Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2015. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2015 through December 3, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 4,185,461		4,185,461	4,185,461	-
Tuition	313,770		313,770	244,764	(69,006)
Interest Earned on Investments - Capital Reserve	60		60	51	(9)
Miscellaneous - Unrestricted	15,000		15,000	2,979	(12,021)
Total Local Sources	<u>4,514,291</u>	<u>-</u>	<u>4,514,291</u>	<u>4,433,255</u>	<u>(81,036)</u>
State Sources:					
Special Education Aid	139,672		139,672	139,672	-
Security Aid	5,582		5,582	5,582	-
Transportation Aid	3,468		3,468	3,468	-
PARCC Readiness Aid	2,810		2,810	2,810	-
Per Pupil Growth Aid	2,810		2,810	2,810	-
Non Public Transportation			-	4,350	4,350
Extraordinary Aid	20,000		20,000	22,633	2,633
Extraordinary Aid - 2013-2014 Additional			-	203	203
TPAF Pension On-Behalf (Non-Budgeted)			-	363,850	363,850
TPAF Social Security (Reimbursed - Non-Budgeted)			-	196,071	196,071
Total State Sources	<u>174,342</u>	<u>-</u>	<u>174,342</u>	<u>741,449</u>	<u>567,107</u>
Total Revenues	<u>4,688,633</u>	<u>-</u>	<u>4,688,633</u>	<u>5,174,704</u>	<u>486,071</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>Expenditures</u></b>					
Current Expense:					
Regular Programs - Instruction:					
Preschool- Salaries of Teachers	161,644	2,340	163,984	163,984	-
Kindergarten - Salaries of Teachers	187,196	1,700	188,896	188,895	1
Grades 1-5 - Salaries of Teachers	1,045,463	20,213	1,065,676	1,065,675	1
Grades 6-8 - Salaries of Teachers	257,737	(4,443)	253,294	253,293	1
Regular Programs - Undistributed Instruction:					
Teachers Salaries		276	276	276	-
Other Salaries for Instruction	4,000	5,867	9,867	9,866	1
Purchased Technical Services	1,700	(649)	1,051	1,023	28
Other Purchased Services	8,594	66	8,660	8,659	1
General Supplies	78,315	(37)	78,278	63,058	15,220
Textbooks	33,000		33,000	25,276	7,724
Total Regular Programs - Instruction	<u>1,777,649</u>	<u>25,333</u>	<u>1,802,982</u>	<u>1,780,005</u>	<u>22,977</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	138,260	(6,920)	131,340	131,339	1
Other Salaries for Instruction	106,906	1,293	108,199	108,198	1
General Supplies	2,500		2,500	157	2,343
Total Learning and/or Language Disabilities	<u>247,666</u>	<u>(5,627)</u>	<u>242,039</u>	<u>239,694</u>	<u>2,345</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1  
Sheet 3 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	227,690		227,690	227,690	-
General Supplies	2,000		2,000	120	1,880
Total Resource Room/Resource Center	<u>229,690</u>	<u>-</u>	<u>229,690</u>	<u>227,810</u>	<u>1,880</u>
Pre-School Disabilities - Full Time:					
Salaries of Teachers	79,610	1,720	81,330	80,830	500
Other Salaries for Instruction	36,878	(3,370)	33,508	32,732	776
Total Pre-School Disabilities - Full Time:	<u>116,488</u>	<u>(1,650)</u>	<u>114,838</u>	<u>113,562</u>	<u>1,276</u>
Home Instruction:					
Other Salaries for Instruction	5,000	(3,182)	1,818		1,818
Total Special Education - Instruction	<u>598,844</u>	<u>(10,459)</u>	<u>588,385</u>	<u>581,066</u>	<u>7,319</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	64,715	(2,345)	62,370	62,370	-
General Supplies	1,000		1,000	227	773
Total Basic Skills/Remedial - Instruction	<u>65,715</u>	<u>(2,345)</u>	<u>63,370</u>	<u>62,597</u>	<u>773</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	8,000	8,422	16,422	16,421	1
Supplies and Materials	3,500	(3,235)	265	265	-
Other Objects	3,500	340	3,840	3,839	1
Total School Sponsored Co-Curricular	<u>15,000</u>	<u>5,527</u>	<u>20,527</u>	<u>20,525</u>	<u>2</u>
Total Instruction	<u>2,457,208</u>	<u>18,056</u>	<u>2,475,264</u>	<u>2,444,193</u>	<u>31,071</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Special	59,000	(12,056)	46,944		46,944
Tuition to Private School for Handicapped Within State	54,335	9,056	63,391	63,391	-
Total Undistributed Expenditures-Instruction	<u>113,335</u>	<u>(3,000)</u>	<u>110,335</u>	<u>63,391</u>	<u>46,944</u>
Undistributed Expenditures-Attendance and Social Work Services:					
Purchased Professional and Technical Services	9,550		9,550	9,509	41
Total Undistributed Expenditures-Attendance and Social Work	<u>9,550</u>	<u>-</u>	<u>9,550</u>	<u>9,509</u>	<u>41</u>
Undistributed Expenditures-Health:					
Salaries	62,300		62,300	60,147	2,153
Purchased Professional and Technical Services	2,815	11,158	13,973	13,887	86
Supplies and Materials	2,500		2,500	2,357	143
Total Undistributed Expenditures-Health:	<u>67,615</u>	<u>11,158</u>	<u>78,773</u>	<u>76,391</u>	<u>2,382</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 5 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Support Services					
Students-Related Services:					
Salaries	83,400	1,230	84,630	84,630	-
Supplies and Materials	1,000		1,000	768	232
Total Undistributed Expenditures-Other Sup. Services					
Students-Related Services	84,400	1,230	85,630	85,398	232
Other Support Services-Students-Extra Services:					
Purchased Professional-Educational Services	9,225	(5,500)	3,725		3,725
Total Other Support Services-Students-Extra Services	9,225	(5,500)	3,725	-	3,725
Undistributed Expenditures-Other Supp. Serv.					
Students - Regular:					
Salaries of Other Professional Staff	16,206		16,206	16,044	162
Purchased Professional Educational Services	16,500	(3,601)	12,899	11,146	1,753
Total Undistributed Expenditures-Other Supp. Serv.	32,706	(3,601)	29,105	27,190	1,915
Undistributed Expenditures-Other Sup. Serv.					
Students-Special Services:					
Salaries of Other Professional Staff	70,852	14,246	85,098	85,097	1
Salaries of Secretarial and Clerical Assistants	20,700		20,700	20,700	-
Purchased Professional-Educational Services	101,351	(19,201)	82,150	54,189	27,961
Supplies and Materials	3,000		3,000	2,508	492
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Special Services	195,903	(4,955)	190,948	162,494	28,454

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1  
Sheet 6 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Improvement of Inst. Services:					
Salaries-Supervisor of Instruction	37,347	4,670	42,017	37,350	4,667
Salaries-Secretarial and Clerical	20,700		20,700	20,700	-
Purchased Professional Services	5,000	(2)	4,998	420	4,578
Supplies and Materials	1,200		1,200		1,200
Other Objects	5,950		5,950	370	5,580
Total Undistributed Expenditures-Improvement of Inst. Serv:	<u>70,197</u>	<u>4,668</u>	<u>74,865</u>	<u>58,840</u>	<u>16,025</u>
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Supplies and Materials	<u>9,350</u>	<u>(1,708)</u>	<u>7,642</u>	<u>850</u>	<u>6,792</u>
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>9,350</u>	<u>(1,708)</u>	<u>7,642</u>	<u>850</u>	<u>6,792</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Other Purchased Services	11,000		11,000	7,323	3,677
Supplies and Materials	<u>6,500</u>	<u>1,708</u>	<u>8,208</u>	<u>8,207</u>	<u>1</u>
Total Undistributed Expenditures - Inst. Staff Training Serv.	<u>17,500</u>	<u>1,708</u>	<u>19,208</u>	<u>15,530</u>	<u>3,678</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 7 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	70,640	1,833	72,473	72,473	-
Legal Services	26,750	(8,977)	17,773	17,144	629
Audit Fees	9,500	(150)	9,350	9,000	350
Other Purchased Professional Services	6,600	454	7,054	7,053	1
Communications/Telephone	9,180		9,180	3,964	5,216
BOE Other Purchased Services	3,100		3,100	2,931	169
Other Purchased Services (400-500 Series)	20,450	(1,139)	19,311	14,861	4,450
General Supplies	5,900	(364)	5,536	3,965	1,571
BOE In house Training & Meeting Supplies	2,100	1,542	3,642	3,642	-
Miscellaneous Expenditures	1,440	(178)	1,262		1,262
BOE Membership Dues and Fees	5,170		5,170	3,472	1,698
Total Undistributed Expenditures - Support Services - General Administration	<u>160,830</u>	<u>(6,979)</u>	<u>153,851</u>	<u>138,505</u>	<u>15,346</u>
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	106,552		106,552	106,552	-
Salaries of Secretarial/Clerical Assistants	32,140	(1,000)	31,140	30,261	879
Supplies and Materials	3,500	694	4,194	4,194	-
Other Objects	2,000	(694)	1,306	1,268	38
Total Undistributed Expend.-Supp. Serv.-School Admin.	<u>144,192</u>	<u>(1,000)</u>	<u>143,192</u>	<u>142,275</u>	<u>917</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Support Services - Central Services:					
Salaries	120,020	(1,628)	118,392	118,109	283
Supplies and Materials	4,000	(345)	3,655	3,451	204
Other Objects	3,160	7,940	11,100	8,139	2,961
Total Undist. Expenditures-Support Services - Central Services	<u>127,180</u>	<u>5,967</u>	<u>133,147</u>	<u>129,699</u>	<u>3,448</u>
Undistributed Expenditures - Support Services - Administrative Info.					
Tech. Services:					
Salaries		26,000	26,000	26,000	-
Purchased Technical Services	50,589	(21,732)	28,857	28,857	-
Total Support Services-Adm Info	<u>50,589</u>	<u>4,268</u>	<u>54,857</u>	<u>54,857</u>	<u>-</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	74,206		74,206	44,431	29,775
Total Undistributed Expenditures-Allow. Maint School Facilities	<u>74,206</u>	<u>-</u>	<u>74,206</u>	<u>44,431</u>	<u>29,775</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	143,529	4,528	148,057	148,054	3
Purchased Professional and Technical Services	2,500	700	3,200	3,200	-
Cleaning, Repair and Maintenance Service	21,170	(2,020)	19,150	19,150	-
Other Purchased Property Services	14,000	(80)	13,920	11,816	2,104
Insurance	32,290	148	32,438	32,339	99
General Supplies	17,600	2,008	19,608	19,575	33
Energy (Heat)	28,000	(9,460)	18,540	17,332	1,208
Energy ( Electricity)	48,000	(501)	47,499	43,140	4,359
Total Undistributed Expenditures-Other Oper. & Maint of Plant	<u>307,089</u>	<u>(4,677)</u>	<u>302,412</u>	<u>294,606</u>	<u>7,806</u>

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

Exhibit C-1  
Sheet 9 of 12

**GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Care & Upkeep of Grounds:					
General Supplies	3,000	1,858	4,858	4,857	1
Total Undistributed Expenditures-Care & Upkeep of Grounds	<u>3,000</u>	<u>1,858</u>	<u>4,858</u>	<u>4,857</u>	<u>1</u>
Undistributed Expenditures - Student Transportation Serv:					
Contr. Serv. (Other than Bet. Home & Sch.)-Vendors	6,000		6,000	4,884	1,116
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	33,198	4,229	37,427	21,292	16,135
Contr. Serv. (Reg. Students)-ESCs & CTSA's	43,810	(12,522)	31,288	20,228	11,060
Total Undistributed Expenditures - Student Transportation Services	<u>83,008</u>	<u>(8,293)</u>	<u>74,715</u>	<u>46,404</u>	<u>28,311</u>
Undistributed Expenditures - Unallocated Benefits:					
Social Security Contributions	45,100	7,331	52,431	52,430	1
Other Retirement Contribution-PERS	49,000	(5,063)	43,937	43,936	1
Workmen's Compensation	37,080	(2,129)	34,951	30,418	4,533
Health Benefits	788,010	(9,339)	778,671	741,649	37,022
Tuition Reimbursements	17,000		17,000	7,929	9,071
Other Employee Benefits	20,500		20,500		20,500
Total Undistributed Expenditures - Unallocated Benefits	<u>956,690</u>	<u>(9,200)</u>	<u>947,490</u>	<u>876,362</u>	<u>71,128</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	363,850	(363,850)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	196,071	(196,071)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>559,921</u>	<u>(559,921)</u>
Total Undistributed Expenditures	<u>2,516,565</u>	<u>(18,056)</u>	<u>2,498,509</u>	<u>2,791,510</u>	<u>(293,001)</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1  
Sheet 10 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Current Expense	<u>4,973,773</u>	<u>-</u>	<u>4,973,773</u>	<u>5,235,703</u>	<u>(261,930)</u>
Capital Outlay:					
Regular Programs - Instruction:					
Grades 6-8		17,471	17,471	17,471	
General Administration		<u>4,523</u>	<u>4,523</u>	<u>4,509</u>	<u>14</u>
Total Regular Programs - Instruction	<u>-</u>	<u>21,994</u>	<u>21,994</u>	<u>21,980</u>	<u>14</u>
Facilities Acquisition and Construction Services:					
Construction Services	150,000	(21,994)	128,006	6,975	121,031
Infrastructure	20,000		20,000	12,998	7,002
Assessment for Debt Service on SDA Funding	<u>20,962</u>		<u>20,962</u>	<u>20,962</u>	
Total Facilities Acquisition and Construction Services	<u>190,962</u>	<u>(21,994)</u>	<u>168,968</u>	<u>40,935</u>	<u>128,033</u>
Total Capital Outlay	<u>190,962</u>	<u>-</u>	<u>190,962</u>	<u>62,915</u>	<u>128,047</u>
Total Expenditures	<u>5,164,735</u>	<u>-</u>	<u>5,164,735</u>	<u>5,298,618</u>	<u>(133,883)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(476,102)</u>	<u>-</u>	<u>(476,102)</u>	<u>(123,914)</u>	<u>352,188</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1  
Sheet 11 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources (Uses):					
Accounts Payable Cancelled				1,425	(1,425)
Transfer to Capital Projects				(120,000)	(120,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(118,575)</u>	<u>(121,425)</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>(476,102)</u>	<u>-</u>	<u>(476,102)</u>	<u>(242,489)</u>	<u>230,763</u>
Fund Balance July 1	<u>1,152,786</u>	<u>-</u>	<u>1,152,786</u>	<u>1,152,786</u>	<u>-</u>
Fund Balance June 30	<u>\$ 676,684</u>	<u>-</u>	<u>676,684</u>	<u>910,297</u>	<u>230,763</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-1

Sheet 12 of 12

GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b><u>Recapitulation:</u></b>					
Restricted Fund Balance:					
Excess Surplus				\$ 153,812	
Excess Surplus - Designated for Subsequent Years Expenditures				241,113	
Committed To:					
Emergency Reserve				2,200	
Maintenance Reserve				147,894	
Capital Reserve				100,000	
Assigned Fund Balance:					
Designated For Subsequent Year's Expenditures				8,092	
Other Purposes					
Unassigned Fund Balance				<u>257,186</u>	
				910,297	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(13,338)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 896,959</u>	

ATLANTIC HIGHLANDS SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 79,150	(15,723)	63,427	62,000	1,427
Federal Sources	102,258	31,073	133,331	124,378	8,953
Total Revenues	<u>\$ 181,408</u>	<u>15,350</u>	<u>196,758</u>	<u>186,378</u>	<u>10,380</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 75,227	(11,965)	63,262	62,179	1,083
Purchased Professional Educational Services	873	(51)	822	822	
Textbooks	5,485	473	5,958	5,843	115
General Supplies	12,044	(2,340)	9,704	8,368	1,336
Total Instruction	<u>93,629</u>	<u>(13,883)</u>	<u>79,746</u>	<u>77,212</u>	<u>2,534</u>
Support Services:					
Personal Services - Employee Benefits	2,795	2,407	5,202	5,202	
Purchased Professional Educational Services	63,063	24,971	88,034	82,100	5,934
Other Purchased Services	17,371	683	18,054	17,826	228
Supplies and Materials	2,550	(28)	2,522	839	1,683
Total Support Services	<u>85,779</u>	<u>28,033</u>	<u>113,812</u>	<u>105,967</u>	<u>7,845</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	<u>2,000</u>	<u>1,200</u>	<u>3,200</u>	<u>3,199</u>	<u>1</u>
Total Expenditures	<u>\$ 181,408</u>	<u>15,350</u>	<u>196,758</u>	<u>186,378</u>	<u>10,380</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 5,174,714	186,378
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	12,776	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(13,338)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 5,174,152</u>	<u>186,378</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,298,628	186,378
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 5,298,628</u>	<u>186,378</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR PENSIONS (GASB 68) - L**

**ATLANTIC HIGHLANDS SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 902,563	913,469
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 902,563</u>	<u>913,469</u>
District's Covered-Employee Payroll	\$ 355,274	351,002
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	39.36%	38.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

ATLANTIC HIGHLANDS SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 37,269	42,234
Contributions in Relation to the Contractually Required Contribution	<u>37,269</u>	<u>42,234</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 355,274	351,002
Contributions as a Percentage of Covered-Employee Payroll	10.49%	12.03%

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>14,380,175</u>	<u>13,063,115</u>
Total	<u>\$ 14,380,175</u>	<u>13,063,115</u>
District's Covered-Employee Payroll	2,683,150	2,657,335
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	18.66%	20.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1  
Sheet 1 of 2

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Title I	Title IIA	I.D.E.A. - Part B		192 Non-Public ESL
			Basic	Preschool	
Revenues:					
State Sources	\$ -				822
Federal Sources	21,458	13,481	84,214	5,225	
Total Revenues	<u>\$ 21,458</u>	<u>13,481</u>	<u>84,214</u>	<u>5,225</u>	<u>822</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 14,500	4,800			
Purchased Professional Educational Services					822
Textbooks					
General Supplies	1,868		3,500	3,000	
Total Instruction	<u>16,368</u>	<u>4,800</u>	<u>3,500</u>	<u>3,000</u>	<u>822</u>
Support Services:					
Purchased Professional Educational Services			79,875	2,225	
Other Purchased Services	1,136	7,433			
Personal Services - Employee Benefits	3,954	1,248			
Supplies and Materials			839		
Total Support Services	<u>5,090</u>	<u>8,681</u>	<u>80,714</u>	<u>2,225</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Expenditures	<u>\$ 21,458</u>	<u>13,481</u>	<u>84,214</u>	<u>5,225</u>	<u>822</u>

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

Exhibit E-1  
Sheet 2 of 2

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>192</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>Totals</b>
	<b>Non-Public Compensatory Education</b>	<b>Non-Public Examination &amp; Classification</b>	<b>Non-Public Corrective Speech</b>	<b>Non-Public Supplementary Instruction</b>	<b>Non-Public Nursing Services</b>	<b>Non-Public Technology</b>	<b>Non-Public Textbooks</b>	<b>2015</b>
Revenues:								
State Sources	17,647	11,523	8,216	5,493	9,257	3,199	5,843	62,000
Federal Sources								124,378
<b>Total Revenues</b>	<b>17,647</b>	<b>11,523</b>	<b>8,216</b>	<b>5,493</b>	<b>9,257</b>	<b>3,199</b>	<b>5,843</b>	<b>186,378</b>
Expenditures:								
Instruction:								
Salaries of Teachers	17,647	11,523	8,216	5,493				62,179
Purchased Professional Educational Services								822
Textbooks							5,843	5,843
General Supplies								8,368
<b>Total Instruction</b>	<b>17,647</b>	<b>11,523</b>	<b>8,216</b>	<b>5,493</b>	<b>-</b>	<b>-</b>	<b>5,843</b>	<b>77,212</b>
Support Services:								
Purchased Professional Educational Services								82,100
Other Purchased Services					9,257			17,826
Personal Services - Employee Benefits								5,202
Supplies and Materials								839
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,257</b>	<b>-</b>	<b>-</b>	<b>105,967</b>
Facilities Acquisition and Construction services:								
Instructional Equipment						3,199		3,199
<b>Total Expenditures</b>	<b>17,647</b>	<b>11,523</b>	<b>8,216</b>	<b>5,493</b>	<b>9,257</b>	<b>3,199</b>	<b>5,843</b>	<b>186,378</b>

**CAPITAL PROJECTS FUND – F**

ATLANTIC HIGHLANDS SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2015

Revenues:		
State Grant		\$ 80,000
Local Share		120,000
		<u>200,000</u>
Expenditures:		
Construction Services		<u>76,122</u>
Excess Revenues		123,878
Other Financing Sources/(Uses):		
Transfer to Debt Service		(46,161)
Fund Balance - Beginning		<u>162,355</u>
Fund Balance - Ending		<u>\$ 240,072</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

SOLAR ENERGY PROJECT

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
State Grant	\$ -	80,000	80,000	80,000
Local Share	-	120,000	120,000	120,000
Total Revenues	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Construction Services		200,000	76,122	200,000
Total Expenditures	<u>-</u>	<u>200,000</u>	<u>76,122</u>	<u>200,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>123,878</u>	<u>-</u>

**Additional Project Information**

Project Number 0130-020-14-1001  
Grant Date 9/11/15  
Original Authorized Cost \$ 200,000

Percentage Completion 62%  
Original Target Completion Date 12/31/15  
Revised Target Completion Date 12/31/15

**PROPRIETARY FUNDS – G**

N/A

**FIDUCIARY FUND – H**

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2015**

	<b><u>Student Activity</u></b>	<b><u>Unemployment Compensation Expendable Trust Fund</u></b>	<b><u>Total 2015</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 6,867	12,036	18,903
Total Assets	<u>\$ 6,867</u>	<u>12,036</u>	<u>18,903</u>
<b><u>Liabilities and Net Position</u></b>			
<b><u>Liabilities</u></b>			
Due to Student Groups	\$ 6,867		6,867
Total Liabilities	<u>6,867</u>	<u>-</u>	<u>6,867</u>
<b><u>Net Position</u></b>			
Reserved - Dedicated to Unemployment		12,036	12,036
Total Fund Balance	<u>-</u>	<u>12,036</u>	<u>12,036</u>
Total Liabilities and Net Position	<u>\$ 6,867</u>	<u>12,036</u>	<u>18,903</u>

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**  
**STATEMENT CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Exhibit H-2

	<b><u>Unemployment Compensation Insurance</u></b>
Operating Income:	
Contributions	<u>\$ 5,614</u>
	<u>5,614</u>
Operating Expenses:	
Payments to State of N.J.	<u>1,426</u>
Operating Income (Loss)	4,188
Net Position, July 1	<u>7,848</u>
Net Position, June 30	<u><u>\$ 12,036</u></u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

STUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Elementary School</u>				
Atlantic Highlands Elementary School	<u>\$ 9,689</u>	<u>14,170</u>	<u>16,992</u>	<u>6,867</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 44,413	1,717,092	1,694,534	66,971
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ 44,413	1,717,092	1,694,534	66,971

**LONG-TERM DEBT - I**

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**LONG-TERM LIABILITIES**

Exhibit I-1

**SCHEDULE OF SERIAL BONDS**

**JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2014</u>	<u>Retired</u>	<u>Ending Balance June 30, 2015</u>
2012 Refunding Issue	3/6/2012	\$ 2,620,000	8/15/15	\$ 220,000	2.50%	2,585,000	215,000	2,370,000
			8/15/16	225,000	3.00%			
			8/15/17	225,000				
			8/15/18	225,000				
			8/15/19	230,000	4.00%			
			8/15/20	240,000				
			8/15/21	240,000				
			8/15/22	250,000				
			8/15/23	250,000				
			8/15/24	265,000				
Solar Energy Project	12/23/09	490,000	3/1/16	50,000	4.25%	325,000	50,000	275,000
			3/1/17-19	55,000				
			3/1/20	60,000				
						<u>\$ 2,910,000</u>	<u>265,000</u>	<u>2,645,000</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 298,394		298,394	298,394	
State Sources:					
Debt Service Aid	21,696		21,696	21,696	
Total Revenues	<u>320,090</u>	<u>-</u>	<u>320,090</u>	<u>320,090</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	101,251		101,251	101,251	
Redemption of Principal	265,000		265,000	265,000	
Total Expenditures	<u>366,251</u>	<u>-</u>	<u>366,251</u>	<u>366,251</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,161)	-	(46,161)	(46,161)	-
Other Financing Sources:					
Transfer from Capital Projects				46,161	46,161
Fund Balance July 1		-			-
Fund Balance June 30	<u>\$ (46,161)</u>	<u>-</u>	<u>(46,161)</u>	<u>-</u>	<u>46,161</u>

**STATISTICAL SECTION**

**(Unaudited)**

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

J-1

**UNAUDITED**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities										
Invested in Capital Assets, net of related Debt	\$ 2,694,337	2,512,292	2,471,497	2,376,523	2,496,444	2,512,580	2,738,139	2,778,741	2,822,225	2,890,962
Restricted	893,183	1,056,239	1,077,467	979,058	682,372	652,564	557,118	601,485	563,237	266,912
Unrestricted	<u>(803,385)</u>	<u>246,126</u>	<u>268,104</u>	<u>277,216</u>	<u>90,890</u>	<u>67,978</u>	<u>149,548</u>	<u>100,587</u>	<u>19,111</u>	<u>305,491</u>
Total Governmental Activities	<u>\$ 2,784,135</u>	<u>3,814,657</u>	<u>3,817,068</u>	<u>3,632,797</u>	<u>3,269,706</u>	<u>3,233,122</u>	<u>3,444,805</u>	<u>3,480,813</u>	<u>3,404,573</u>	<u>3,463,365</u>
Business Type Activities										
Invested in Capital Assets, net of related Debt	\$ 17,787	21,743	25,699	29,655	33,612	37,565	41,521	45,477	49,433	49,433
Unrestricted	<u>8,386</u>	<u>16,985</u>	<u>21,668</u>	<u>22,956</u>	<u>24,974</u>	<u>25,544</u>	<u>27,755</u>	<u>33,896</u>	<u>26,865</u>	<u>27,619</u>
Total Business Type Activities	<u>\$ 26,173</u>	<u>38,728</u>	<u>47,367</u>	<u>52,611</u>	<u>58,586</u>	<u>63,109</u>	<u>69,276</u>	<u>79,373</u>	<u>76,298</u>	<u>77,052</u>
District-wide										
Invested in Capital Assets, net of related Debt	\$ 2,712,124	2,534,035	2,497,196	2,406,178	2,530,056	2,550,245	2,779,660	2,824,218	2,871,658	2,940,395
Restricted	893,183	1,056,239	1,077,467	979,058	682,372	652,564	557,118	601,845	563,237	266,912
Unrestricted	<u>(794,999)</u>	<u>263,111</u>	<u>289,772</u>	<u>300,172</u>	<u>115,864</u>	<u>93,522</u>	<u>177,303</u>	<u>134,483</u>	<u>45,976</u>	<u>333,110</u>
Total District Assets	<u>\$ 2,810,308</u>	<u>3,853,385</u>	<u>3,864,435</u>	<u>3,685,408</u>	<u>3,328,292</u>	<u>3,296,331</u>	<u>3,514,081</u>	<u>3,560,546</u>	<u>3,480,871</u>	<u>3,540,417</u>

**ATLANTIC HIGHLANDS SCHOOL DISTRICT**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses:										
Governmental Activities	\$ 5,746,497	5,695,377	5,672,862	5,398,500	5,237,165	5,393,181	5,274,453	5,265,568	5,014,407	4,333,923
Business Type Activities	84,338	84,826	93,748	99,135	94,455	94,596	106,619	89,754	92,257	84,699
Total District Expenses	<u>5,830,835</u>	<u>5,780,203</u>	<u>5,766,610</u>	<u>5,497,635</u>	<u>5,331,620</u>	<u>5,487,777</u>	<u>5,381,072</u>	<u>5,355,322</u>	<u>5,106,664</u>	<u>4,418,622</u>
Program Revenues:										
Governmental Activities	246,570	472,672	506,638	505,743	222,862	264,445	220,310	254,242	206,858	177,532
Business Type Activities	71,783	76,187	87,650	93,160	89,932	88,429	96,522	92,556	87,548	85,132
Total District Program Revenues	<u>318,353</u>	<u>548,859</u>	<u>594,288</u>	<u>598,903</u>	<u>312,794</u>	<u>352,874</u>	<u>316,832</u>	<u>346,798</u>	<u>294,406</u>	<u>262,664</u>
Net (Expense):										
Governmental Activities	5,499,927	5,222,705	5,166,224	4,892,757	5,014,303	(5,130,736)	(5,054,143)	(5,011,326)	(4,807,549)	(4,156,391)
Business Type Activities	12,555	8,639	6,098	5,975	(4,523)	(6,167)	(10,097)	2,802	(4,709)	433
Total District-wide Net Expense	<u>5,512,482</u>	<u>5,231,344</u>	<u>5,172,322</u>	<u>4,898,732</u>	<u>5,009,780</u>	<u>(5,136,903)</u>	<u>(5,064,240)</u>	<u>(5,008,524)</u>	<u>(4,812,258)</u>	<u>(4,155,958)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities	5,515,475	5,230,522	5,346,482	5,283,469	5,151,439	5,481,556	5,043,170	5,083,465	4,806,517	4,507,068
Business Type Activities			854				273		920	
Total District-wide	<u>5,515,475</u>	<u>5,230,522</u>	<u>5,347,336</u>	<u>5,283,469</u>	<u>5,151,439</u>	<u>5,481,556</u>	<u>5,043,170</u>	<u>5,083,738</u>	<u>4,806,517</u>	<u>4,507,988</u>
Change in Net Position:										
Governmental Activities	15,548	7,817	180,258	390,712	137,136	350,820	(10,973)	72,139	(1,032)	350,677
Business Type Activities	(12,555)	(8,639)	(5,244)	(5,975)	(4,523)	(6,167)	(10,097)	3,075	(4,709)	1,353
Total District	<u>2,993</u>	<u>(822)</u>	<u>175,014</u>	<u>384,737</u>	<u>132,613</u>	<u>344,653</u>	<u>(21,070)</u>	<u>75,214</u>	<u>(5,741)</u>	<u>352,030</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

FUND BALANCES, GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

J-3

UNAUDITED

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Reserved	\$ 653,111	893,884	896,307	816,703	529,486	495,293	549,014	601,321	556,033	599,404
Unreserved	<u>243,848</u>	<u>258,902</u>	<u>268,104</u>	<u>277,216</u>	<u>115,864</u>	<u>67,978</u>	<u>177,303</u>	<u>257,797</u>	<u>167,011</u>	<u>88,941</u>
Total General Fund	<u>\$ 896,959</u>	<u>1,152,786</u>	<u>1,164,411</u>	<u>1,093,919</u>	<u>645,350</u>	<u>563,271</u>	<u>726,317</u>	<u>859,118</u>	<u>723,044</u>	<u>688,345</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Special Revenue Fund	\$ -	-	-	-	-	-	-	(790)	(900)	
Capital Projects Fund	240,072	162,355	162,355	162,355	152,886	157,271				8,162
Debt Service Fund			18,805				8,104	8,104	8,104	(888)
Total All Other Government Funds	<u>\$ 240,072</u>	<u>162,355</u>	<u>181,160</u>	<u>162,355</u>	<u>152,886</u>	<u>157,271</u>	<u>8,104</u>	<u>7,314</u>	<u>7,204</u>	<u>7,274</u>

ATLANTIC HIGHLANDS SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

UNAUDITED

J-4

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>										
Tax Levy	\$ 4,482,855	4,501,172	4,555,522	4,554,584	4,507,622	4,362,541	4,299,030	4,142,903	3,931,695	3,757,178
Other Local Revenue	247,794	336,945	372,457	364,647	222,583	120,865	140,820	84,083	107,852	158,503
State Sources	905,593	750,517	795,856	669,994	500,272	607,947	699,949	953,585	891,454	660,379
Federal Sources	124,378	114,560	129,285	141,852	147,029	161,571	121,437	149,986	97,198	108,540
Total Revenues	<u>5,760,620</u>	<u>5,703,194</u>	<u>5,853,120</u>	<u>5,731,077</u>	<u>5,377,506</u>	<u>5,252,924</u>	<u>5,261,236</u>	<u>5,330,557</u>	<u>5,028,199</u>	<u>4,684,600</u>
<b>Expenditures</b>										
Instruction:										
Regular	1,780,005	1,650,146	1,703,804	1,651,573	1,556,336	1,461,367	1,432,423	1,330,826	1,282,004	1,228,168
Special	581,066	581,736	498,496	460,578	517,800	519,292	593,422	499,701	393,866	378,479
Other	62,597	84,220	84,648	80,486	81,327	138,481	133,132	126,307	113,867	72,581
School-sponsored/other instructional	20,525	17,205	14,053	14,417	12,477	12,652	13,601	14,593	15,294	16,273
Total instruction	<u>2,444,193</u>	<u>2,333,307</u>	<u>2,301,001</u>	<u>2,207,054</u>	<u>2,167,940</u>	<u>2,131,792</u>	<u>2,172,578</u>	<u>1,971,427</u>	<u>1,805,031</u>	<u>1,695,501</u>
Community Service										
Undistributed:										
Instruction/Tuition	63,391	44,257	84,021	43,157	27,380	19,019	7,989	52,916	119,903	
Attendance & Health Services								92,567	86,510	
Student & Instructional Related Services	436,202	481,049	433,984	421,406	439,364	486,513	522,883	395,210	346,044	384,604
Support Services - Instructional staff								7,787	9,738	8,791
General Administration	138,505	124,529	316,281	241,597	253,190	329,886	352,529	203,501	188,263	179,690
School Administration	326,831	257,583	122,741	228,412	201,249	275,960	194,773	259,028	246,992	234,243
Operations and Maintenance	343,894	396,932	346,355	334,883	350,659	368,135	447,625	407,575	356,728	356,200
Student Transportation	46,404	63,760	54,015	37,038	35,097	43,914	32,034	62,842	113,853	33,790
Unallocated Benefits	1,436,293	1,375,423	1,414,685	1,295,070	810,078	785,102	621,518	630,630	600,498	588,381
TPAF Pension & Social Security					349,926	331,994	314,086	539,188	476,180	310,493
Miscellaneous Undistributed										
Total Undistributed	<u>2,791,520</u>	<u>2,743,533</u>	<u>2,772,082</u>	<u>2,601,563</u>	<u>2,466,943</u>	<u>2,640,523</u>	<u>2,493,437</u>	<u>2,651,244</u>	<u>2,544,709</u>	<u>2,096,192</u>
Capital Outlay:										
Equipment		128,761	141,485	177,126	75,020	62,007	21,790		25,488	36,773
Other	62,915								26,800	5,888
Total Capital Outlay	<u>62,915</u>	<u>128,761</u>	<u>141,485</u>	<u>177,126</u>	<u>75,020</u>	<u>62,007</u>	<u>21,790</u>	<u>-</u>	<u>52,288</u>	<u>42,661</u>
Total General Fund Expenditures	<u>5,298,628</u>	<u>5,205,601</u>	<u>5,214,568</u>	<u>4,985,743</u>	<u>4,709,903</u>	<u>4,834,322</u>	<u>4,687,805</u>	<u>4,622,671</u>	<u>4,402,028</u>	<u>3,834,354</u>
Special Revenue:										
State	62,000	55,365	47,417	77,933	75,833	100,874	98,325	104,256	112,024	68,992
Federal	124,378	114,560	129,285	132,828	147,029	161,571	121,437	149,876	97,211	120,176
Total Special Revenue Expenditures	<u>186,378</u>	<u>169,925</u>	<u>176,702</u>	<u>210,761</u>	<u>222,862</u>	<u>262,445</u>	<u>219,762</u>	<u>254,132</u>	<u>209,235</u>	<u>189,168</u>
Capital Projects Fund Expenditures	<u>76,122</u>			<u>463</u>	<u>4,385</u>	<u>332,729</u>				
Debt Service Expenditures	<u>366,251</u>	<u>364,951</u>	<u>372,552</u>	<u>391,070</u>	<u>383,779</u>	<u>326,220</u>	<u>328,120</u>	<u>324,720</u>	<u>320,920</u>	<u>321,820</u>
Total Governmental Fund Expenditures	<u>5,927,379</u>	<u>5,740,477</u>	<u>5,763,822</u>	<u>5,588,037</u>	<u>5,320,929</u>	<u>5,755,716</u>	<u>5,235,687</u>	<u>5,201,523</u>	<u>4,932,183</u>	<u>4,345,342</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	(166,759)	(37,283)	89,298	143,040	56,577	(502,792)	25,549	129,034	96,016	339,258
Other Financing Sources (Uses)	<u>1,425</u>	<u>(5,924)</u>		<u>67,159</u>	<u>(3,205)</u>	<u>491,077</u>	<u>2,486</u>	<u>7,150</u>		
Net Change in Fund Balance	<u>\$ (165,334)</u>	<u>\$ (43,207)</u>	<u>89,298</u>	<u>210,199</u>	<u>53,372</u>	<u>(11,715)</u>	<u>28,035</u>	<u>136,184</u>	<u>96,016</u>	<u>339,258</u>

Source: District records

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE

J-5

LAST TEN FISCAL YEARS

UNAUDITED

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	52,715	29,602	2,000	42,277	126,594
2007	47,250	48,854	2,180	8,793	107,077
2008	56,207	32,075	1,550	1,074	90,906
2009	86,144	8,755	2,500	751	98,150
2010	113,563	2,124	2,500	5,178	123,365
2011	214,560	10	2,500	8,013	225,083
2012	304,584	50	2,500	41,671	348,805
2013	329,936		2,500	40,021	372,457
2014	276,247		150	36,173	312,570
2015	250,761	51	150	475	251,437

Source: District records

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

J-6

UNAUDITED

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2005	610,889,600	644,321,835	94.81%
2006	618,802,400	749,192,966	82.60%
2007	632,709,049	829,428,944	76.41%
2008	635,126,242	884,257,709	71.83%
2009	635,120,544	896,216,620	70.87%
2010	634,407,870	836,694,434	75.82%
2011	632,771,827	803,621,828	78.74%
2012	633,735,269	790,193,602	80.20%
2013	632,086,285	748,739,972	84.42%
2014	632,183,551	751,704,579	84.10%

Source: Abstract of Ratables, County Board of Taxation.

\* - Revaluation in 2005

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING

PER \$100 OF ASSESSED VALUATION

J-7

LAST TEN FISCAL YEARS

UNAUDITED

<u>Assessment Year</u>	<u>Atlantic Highlands School District</u>	<u>Henry Hudson Regional High School</u>	<u>Atlantic Highlands Borough</u>	<u>Monmouth County</u>	<u>Total</u>
2005	0.613	0.583	0.577	0.355	2.128
2006	0.634	0.583	0.577	0.363	2.157
2007	0.654	0.546	0.592	0.358	2.150
2008	0.687	0.582	0.622	0.369	2.260
2009	0.711	0.591	0.647	0.361	2.310
2010	0.710	0.591	0.657	0.362	2.320
2011	0.720	0.613	0.683	0.362	2.378
2012	0.719	0.597	0.697	0.370	2.383
2013	0.712	0.603	0.760	0.367	2.442
2014	0.726	0.618	0.838	0.371	2.553

Source: Tax Collector

ATLANTIC HIGHLANDS SCHOOL DISTRICTSCHEDULE OF PRINCIPAL TAXPAYERS

J-8

FOR THE YEAR ENDED DECEMBER 31, 2013UNAUDITED

<u>Taxpayer</u>	<u>Assessed Valuation 2013</u>	<u>As a Percentage of District Net Assessed Valuation</u>	<u>Assessed Valuation 1998</u>	<u>As a Percentage of District Net Assessed Valuation</u>
ELK Harbor View	6,461,500	1.02%	3,114,300	1.05%
Cove Shore Partners, LP	6,189,900	0.98%	N/A	
Casriel, Carl	5,004,600	0.79%	1,954,500	0.66%
Krikorian, Dirouhi & Sarkis	3,371,700	0.53%	1,758,700	0.59%
McConnell Realty Co.	2,976,400	0.47%	1,422,800	0.48%
Atlantic Pier Co	2,555,400	0.40%	1,328,700	0.45%
West Side Realty Corp	2,538,900	0.40%	N/A	
Laurmin Association	1,958,700	0.31%	1,481,000	0.50%
Giuliani, Joseph J	1,722,200	0.27%	868,000	0.27%
Verizon - NJ	<u>1,664,015</u>	<u>0.26%</u>	N/A	
Total	34,445,328.00	5.45%		

Source: Municipal Tax Assessor.

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
MUNICIPAL PROPERTY LEVIES AND COLLECTIONS

J-9

LAST TEN YEARS

UNAUDITED

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2006	3,757,178	3,757,178	100.00%
2007	3,931,695	3,931,695	100.00%
2008	4,134,800	4,134,800	100.00%
2009	4,299,030	4,299,030	100.00%
2010	4,362,542	4,362,542	100.00%
2011	4,507,622	4,507,622	100.00%
2012	4,359,498	4,359,498	100.00%
2013	4,741,404	4,741,404	100.00%
2014	4,961,069	4,961,069	100.00%
2015	5,231,439	5,231,439	100.00%

Source: Municipal Tax Collector

ATLANTIC HIGHLANDS SCHOOL DISTRICT

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

J-10

UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Other Debt</u>	<u>Total Debt Per District</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2006	4,063,000		4,063,000	1.1%	\$ 862.82
2007	3,913,000		3,913,000	1.2%	\$ 830.96
2008	3,753,000		3,753,000	1.2%	\$ 796.98
2009	3,583,000		3,583,000	1.3%	\$ 760.88
2010	3,898,000		3,898,000	1.2%	\$ 826.37
2011	3,683,000		3,683,000	1.2%	\$ 839.91
2012	3,435,000		3,435,000	1.2%	\$ 783.35
2013	3,165,000		3,165,000	1.3%	\$ 721.78
2014	2,955,000		2,955,000	1.5%	\$ 627.52
2015	2,695,000		2,695,000	1.7%	\$ 572.31

Source: District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICTRATIO OF NET GENERAL BONDED DEBTTO ASSESSED VALUE AND NET BONDED PER CAPITA

J-11

LAST TEN YEARSUNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>School</u> <u>District</u> <u>Population</u>	<u>Net</u> <u>Assessed</u> <u>Valuation</u> <u>Taxable</u>	<u>Net</u> <u>Bonded</u> <u>Debt</u>	<u>Ratio of</u> <u>Bonded Debt</u> <u>to Assessed</u> <u>Value</u>	<u>Net Bonded</u> <u>Debt</u> <u>Per Capita</u>
2006	4,709	618,802,400	4,063,000	0.657%	862.82
2007	4,709	632,709,049	3,913,000	0.618%	830.96
2008	4,709	635,126,242	3,753,000	0.591%	796.98
2009	4,709	635,120,544	3,583,000	0.564%	760.88
2010	4,717	634,407,870	3,898,000	0.614%	826.37
2011	4,385	632,446,700	3,683,000	0.582%	839.91
2012	4,385	632,771,827	3,493,000	0.552%	796.58
2013	4,385	633,735,269	3,435,000	0.542%	783.35
2014	4,385	630,000,810	2,955,000	0.469%	673.89
2015	4,385	632,183,551	2,695,000	0.426%	614.60

Source: Abstract of Ratables, County Board of Taxation.  
School District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

J-12

UNAUDITED

Net Direct Debt of School District as of December 31, 2014		\$ 2,695,000
Net Overlapping debt of School District:		
Atlantic Highlands Boro (71.50%)	N/A	
County of Monmouth (1.04%)	<u>N/A</u>	<u>-</u>
 Total Direct and Overlapping Bonded Debt as of December 31, 2014		 <u>\$ 2,695,000</u>

Source: Atlantic Highlands Chief Financial Officer and County Treasurer's Office.

ATLANTIC HIGHLANDS SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

J-13

LAST NINE FISCAL YEARS

UNAUDITED

	<u>Year</u>	<u>Equalized Valuation Basis</u>
	2015	\$ 772,283,577
	2014	\$ 755,193,582
	2013	\$ 790,193,602
		<u>\$ 2,317,670,761</u>
Average Equalized Valuation of Taxable Property		\$ 772,556,920
School Borrowing Margin (2.5% of \$)		\$ 19,313,923
Net Bonded School Debt as of June 30, 2015		<u>\$ 3,165,000</u>
School Borrowing Margin Available		<u>\$ 16,148,923</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 19,575,075	\$ 19,575,075	\$ 19,575,000	\$ 20,207,189	\$ 21,088,464	21,699,858	21,749,194	20,523,997	16,981,533
Net Debt	3,165,000	3,165,000	3,165,000	3,493,000	3,633,000	3,898,000	3,583,000	3,753,000	3,913,000
Legal Debt Margin	<u>\$ 16,410,075</u>	<u>\$ 16,410,075</u>	<u>\$ 16,410,000</u>	<u>\$ 16,714,189</u>	<u>\$ 17,405,464</u>	<u>17,801,858</u>	<u>18,166,194</u>	<u>16,770,997</u>	<u>13,068,533</u>

Source: State of New Jersey, Department of Taxation.

ATLANTIC HIGHLANDS SCHOOL DISTRICTDEMOGRAPHIC STATISTICS

J-14

LAST TEN YEARSUNAUDITED

<u>Year Ended December 31,</u>	<u>Atlantic Highlands Unemployment Rate</u>	<u>Atlantic Highlands Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2006	unavailable	unavailable	unavailable	4,709
2007	unavailable	unavailable	unavailable	4,709
2008	unavailable	unavailable	unavailable	4,709
2009	unavailable	unavailable	unavailable	4,385
2010	unavailable	unavailable	unavailable	4,709
2011	unavailable	unavailable	unavailable	4,385
2012	unavailable	unavailable	unavailable	4,385
2013	unavailable	unavailable	unavailable	4,709
2014	unavailable	unavailable	unavailable	4,709
2015	unavailable	unavailable	unavailable	4,709

Source: Bureau of Labor Statistics, United States Department of Commerce and State Data Center

(a) Personal Income has been estimated based upon the municipal population and per capita income presented



<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	23.0	24.5	22.6	28.7	23.8	23.8	23.8	23.2	24.5	25.5
Special education	5.0	5.9	8.0	9.9	10.4	9.4	9.4	10.0	10.0	11.0
Other special education										-
Vocational										
Other instruction	6.5	8.0	5.0	4.4	3.0	3.0	3.0	3.0	3.0	3.3
Nonpublic school programs										-
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	6.6	6.6	5.9	0	2.6	2.1	2.1	1.5	2.4	2.7
General administrative services	1.5	1.5	1.5	1.5	1.2	1.2	1.2	2.0	1.5	1.1
School administrative services	1.8	1.8	1.6	1.6	1.1	1.1	1.1	2.0	2.0	2.5
Business administrative services	1.7	1.7	1.7	1.7	2	1.5	1.5	1.5	1.7	2.0
Plant operations and maintenance	6.3	6.3	6.3	6.3	3.3	3.3	3.3	3.3	3.3	3.3
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	52.4	56.3	52.6	54.1	47.4	45.4	45.4	46.5	48.4	51.4

Source: District Personnel Records

ATLANTIC HIGHLANDS SCHOOL DISTRICT

OPERATING STATISTICS

J-17

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	295	4,151,392	14,073	4.19%	27.0	10.6:1	296	282	4.23%	95.59%
2007	293	4,001,954	15,957	13.39%	30.4	9.6:1	291	277	-1.66%	94.54%
2008	294	4,083,483	15,644	-1.96%	30.6	8.9:1	294	280	1.13%	95.24%
2009	296	4,373,719	14,776	-5.55%	31.1	9.5:1	295	278	0.20%	93.92%
2010	294	4,502,328	15,314	3.64%	32.1	10.9:1	295	276	0.00%	93.88%
2011	312	4,359,977	13,974	-5.43%	30.4	10.2:1	311	291.3	5.42%	93.37%
2012	326	4,378,170	13,430	-12.30%	29.2	11.2:1	295.2	282.8	0.07%	86.75%
2013	326	4,520,635	13,867	-0.77%	29.2	11.2:1	302.35	287.84	-2.78%	88.29%
2014	320	4,574,959	14,297	6.45%	30.0	10.6:1	320.4	305.9	8.54%	95.59%
2015	318	4,568,788	14,367	3.61%	32.5	10.3:1	317	303	4.85%	95.60%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

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).

ATLANTIC HIGHLANDS SCHOOL DISTRICT

BUILDING INFORMATION

LAST TEN FISCAL YEARS  
ENDING JUNE 30

J-18

UNAUDITED

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary School</u>											
<u>and Offices</u>											
Atlantic Highlands											
	Square Feet	67,557	67,557	67,557	67,557	67,557	67,557	67,557	67,557	67,557	67,557
	Capacity (students)	370	370	370	370	370	370	370	370	370	370
	Enrollment	295	293	293	296	295	312	326	326	320	318

Source: District records, ASSA

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES  
BY SCHOOL FACILITY  
LAST NINE FISCAL YEARS  
UNAUDITED

J-19

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Atlantic</u> <u>Highlands</u> <u>Elementary</u>
2006	31,642
2007	41,363
2008	38,612
2009	42,717
2010	50,576
2011	42,302
2012	46,304
2013	58,352
2014	60,369
2015	44,431

Source: District records.

ATLANTIC HIGHLANDS SCHOOL DISTRICTINSURANCE SCHEDULE

J-20

JUNE 30, 2015UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property-Blanket Building & Contents	\$ 14,106,802	2,500
Comprehensive General Liability	2,000,000	
Comprehensive Auto Liability	1,000,000	
Comprehensive Crime Coverage		
Other Flood - Contents		
 Computers and Scheduled Equipment -		
Data Processing Equipment	137,115	250
 Boiler and Machinery -		
Property Damage	100,000	1,000
 Umbrella Liability -		
Umbrella Policy	10,000,000	
 School Board Legal Liability -		
Directors and Officers Policy	1,000,000	5,000
 Bonds		
Treasurer	Eliminated	
Board Secretary	175,000	

Source: District records.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
ROBERT A. HULSART, JR., C.P.A., P.S.A.  
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**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  
Atlantic Highlands School District  
County of Monmouth  
Atlantic Highlands, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey's internal control.

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

Our consideration of internal control was for the limited purposes 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 Atlantic Highlands Board of Education, County of Monmouth, State of New Jersey'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey

December 3, 2015

ATLANTIC HIGHLANDS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule A  
K-3

Federal Grantor/Pass- Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
				From	To					(Accounts Receivable)	Deferred Revenue	Due to Grantor
<u>U.S. Department of Agriculture</u>												
<u>Passed-Through State Department of Education</u>												
Food Distribution Program	10.550	N/A	\$ 6,870	7-01-14	to 6-30-15	\$ -		6,870	(6,870)			
National School Lunch Program	10.555	N/A	14,733	7-01-14	to 6-30-15			13,317	(14,733)	(1,416)		
National School Lunch Program - PB	10.555	N/A	1,005	7-01-14	to 6-30-15			909	(1,005)	(96)		
National School Lunch Program - PB	10.555	N/A	1,056	7-01-13	to 6-30-14	(211)		211				
National School Lunch Program	10.555	N/A	17,650	7-01-13	to 6-30-14	(3,349)		3,349				
Total U.S. Department of Agriculture						<u>(3,560)</u>	<u>-</u>	<u>24,656</u>	<u>(22,608)</u>	<u>(1,512)</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Education</u>												
<u>Passed-Through State Department of Education</u>												
Title I	84.010A	NCLB15	22,794	9-01-14	to 8-31-15				(21,458)	(21,458)		
Title IIA	84.367A	NCLB13	11,358	9-01-12	to 8-31-13							
Title IIA	84.367A	NCLB15	15,164	9-01-14	to 8-31-15				(13,481)	(13,481)		
Race To The Top	84.413A	RTTT13	1,886	9-01-12	to 8-31-13	(45)		45				
I.D.E.A. Basic	84.027	IDEA14	81,486	9-01-13	to 8-31-14	(45,941)		45,941				
I.D.E.A. Basic	84.027	IDEA13	81,483	9-01-12	to 8-31-13	(1,622)		1,622				
I.D.E.A. Basic	84.027	IDEA15	90,148	9-01-14	to 8-31-15				(84,214)	(84,214)		
I.D.E.A. Preschool	84.173	IDEA15	5,225	9-01-14	to 8-31-15				(5,225)	(5,225)		
I.D.E.A. Preschool	84.173	IDEA14	5,204	9-01-13	to 8-31-14	(1,000)		1,000				
Total U.S. Department of Education						<u>(48,608)</u>	<u>-</u>	<u>48,608</u>	<u>(124,378)</u>	<u>(124,378)</u>	<u>-</u>	<u>-</u>
Total Federal Financial Assistance						<u>\$ (52,168)</u>	<u>-</u>	<u>73,264</u>	<u>(146,986)</u>	<u>(125,890)</u>	<u>-</u>	<u>-</u>

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

ATLANTIC HIGHLANDS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2015			MEMO	
					Deferred Revenue (Accounts Receivable)	Due To Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
General Fund:															
Special Education Aid	15-495-034-5120-089	\$ 139,672	7-01-14	6-30-15	\$ -			139,672	(139,672)					(12,073)	139,672
Security Aid	15-495-034-5120-084	5,582	7-01-14	6-30-15				5,582	(5,582)					(483)	5,582
Transportation Aid	15-495-034-5120-014	3,468	7-01-14	6-30-15				3,468	(3,468)					(298)	3,468
Non-Public Transportation	14-495-034-5129-014	4,504	7-01-13	6-30-14	(4,504)			4,504							
Non-Public Transportation	15-495-034-5120-014	4,350	7-01-14	6-30-15					(4,350)						4,350
Extraordinary Aid	14-495-034-5120-044	19,398	7-01-13	6-30-14	(19,398)			19,398							
Extraordinary Aid	15-495-034-5120-044	22,633	7-01-14	6-30-15					(22,633)						22,633
PARCC Readiness Aid	15-495-034-5120-088	2,810	7-01-14	6-30-15				2,810	(2,810)					(242)	2,810
Per Pupil Growth Aid	15-495-034-5120-087	2,810	7-01-14	6-30-15				2,810	(2,810)					(242)	2,810
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	201,434	7-01-13	6-30-14	(9,790)			9,790							
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	196,581	7-01-14	6-30-15				185,940	(196,071)						196,071
<b>Total General Fund</b>					<b>(33,692)</b>	<b>-</b>	<b>-</b>	<b>373,974</b>	<b>(377,396)</b>	<b>-</b>	<b>(37,114)</b>	<b>-</b>	<b>-</b>	<b>(13,338)</b>	<b>377,396</b>
Special Revenue:															
N.J. Nonpublic Aid:															
Textbook Aid	14-100-034-5120-064	5,485	7-01-13	6-30-14	60					(60)					
Textbook Aid	15-100-034-5120-064	5,958	7-01-14	6-30-15				5,958	(5,843)				115		5,843
Nursing Services	15-100-034-5120-070	9,485	7-01-14	6-30-15				9,485	(9,257)				228		9,257
Technology Aid	15-100-034-5120-343	3,200	7-01-14	6-30-15				3,200	(3,199)				1		3,199
Technology Aid	14-100-034-5120-343	2,000	7-01-13	6-30-14	5					(5)					
Supplemental Instruction	14-100-034-5120-066	7,632	7-01-13	6-30-14	3,469					(3,469)					
Supplemental Instruction	15-100-034-5120-066	5,493	7-01-14	6-30-15				5,493	(5,493)						5,493
Corrective Speech	15-100-034-5120-066	8,216	7-01-14	6-30-15				8,216	(8,216)						8,216
Examination and Classification - A	14-100-034-5120-066	2,873	7-01-13	6-30-14	1,277					(1,277)					
Examination and Classification - I	14-100-034-5120-066	7,798	7-01-13	6-30-14	2,228					(2,228)					
Examination and Classification - A	15-100-034-5120-066	2,527	7-01-14	6-30-15				2,527	(1,444)				1,083		1,444
Examination and Classification - I	15-100-034-5120-066	10,079	7-01-14	6-30-15				10,079	(10,079)						10,079
Compensatory Education	15-100-034-5120-067	17,647	7-01-14	6-30-15				17,647	(17,647)						17,647
Compensatory Education	14-100-034-5120-067	38,519	7-01-13	6-30-14	16,263					(16,263)					
English as a Second Language	14-100-034-5120-067	873	7-01-13	6-30-14	873					(873)					
English as a Second Language	15-100-034-5120-067	822	7-01-14	6-30-15				822	(822)						822
<b>Total Special Revenue</b>					<b>24,175</b>	<b>-</b>	<b>-</b>	<b>63,427</b>	<b>(62,000)</b>	<b>(24,175)</b>	<b>-</b>	<b>-</b>	<b>1,427</b>	<b>-</b>	<b>62,000</b>
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	15-100-010-3350-023	729	7-01-14	6-30-15				659	(729)						729
National School Lunch Program (State Share)	14-100-010-3350-023	777	7-01-13	6-30-14	(154)			154							
<b>Total National School Lunch Program</b>					<b>(154)</b>	<b>-</b>	<b>-</b>	<b>813</b>	<b>(729)</b>	<b>-</b>	<b>(70)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>729</b>
<b>Total State Financial Assistance</b>					<b>\$ (9,671)</b>	<b>-</b>	<b>-</b>	<b>438,214</b>	<b>(440,125)</b>	<b>(24,175)</b>	<b>(37,184)</b>	<b>1,427</b>	<b>-</b>	<b>(13,338)</b>	<b>440,125</b>

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

**BOARD OF EDUCATION**

K-5

**ATLANTIC HIGHLANDS SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2015****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Atlantic Highlands School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2: Basis of Accounting**

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3: Relationship to General Purpose Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 377,396	62,000	729	440,125
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	363,850			363,850
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(562)</u>	_____	_____	<u>(562)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 740,684</u>	<u>62,000</u>	<u>729</u>	<u>803,413</u>

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$	124,378	22,608	146,986
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	—	—	—	—
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 0</u>	<u>124,378</u>	<u>22,608</u>	<u>146,986</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: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2015.