

SCHOOL DISTRICT

OF

LAVALLETTE



**LAVALLETTE BOARD OF EDUCATION
LAVALLETTE, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY

**LAVALLETTE BOARD OF EDUCATION
FINANCE DEPARTMENT**

LAVALLETTE SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 6.
Roster of Officials	7.
Consultants and Advisors	8.
Organization Chart	9.
FINANCIAL SECTION	
Independent Auditor's Report	10 to 12.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	13 to 17.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	18.
A-2 Statement of Activities	19 & 20.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	21.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22 & 23.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24.
Proprietary Funds:	
B-4 Statement of Net Position	25.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26.
B-6 Statement of Cash Flows	27.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	28.
B-8 Statement of Changes in Fiduciary Net Position	29.
Notes to Financial Statements	30 to 52.

LAVALLETTE SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	53 to 62.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	63.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	64.
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability – PERS	65.
L-2 Schedule of District Contributions – PERS	66.
L-3 Schedule of District’s Proportionate Share of the Net Pension Liability – TPAF	67.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	68.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

LAVALLETTE SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	69.
F-1a Schedule of Project Revenues, Expenditures, Project Balance, And Project Status – Window and Door Replacement to Elementary School	70.
F-1b Schedule of Project Revenues and Expenditures and Project Balance And Project Status – Addition to Elementary School	71.
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Statement of Net Assets	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	72.
H-2 Statement of Changes in Fiduciary Net Position	73.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	74.
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	75.
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	76.
I-2 Schedule of Obligations under Capital Leases	77.
I-3 Debt Service Fund Budgetary Comparison Schedule	78.

LAVALLETTE SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Position by Component	79.
J-2 Changes in Net Position	80 & 81.
J-3 Fund Balances – Governmental Funds	82.
J-4 Changes in Fund Balances – Governmental Funds	83.
J-5 General Fund Other Local Revenue by Source	84.
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	85.
J-7 Direct and Overlapping Property Tax Rates	86.
J-8 Principal Property Taxpayers*	87.
J-9 Property Tax Levies and Collections	88.
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	89.
J-11 Ratios of General Bonded Debt Outstanding	90.
J-12 Direct and Overlapping Governmental Activities Debt	91.
J-13 Legal Debt Margin Information	92.
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	93.
J-15 Principal Employers	94.
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	95.
J-17 Operating Statistics	96.
J-18 School Building Information	97.
J-19 Schedule of Required Maintenance Expenditures by School Facility	98.
J-20 Insurance Schedule	99.
*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.	
K-1 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100 & 101.
K-3 Schedule of Expenditures of Federal Awards, Schedule A	102.
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	103.
K-5 Notes to Schedules of Financial Assistance	104 to 106.

INTRODUCTORY SECTION

LAVALLETTE BOARD OF EDUCATION

*105 Brooklyn Avenue
Lavallette, New Jersey 08735*

Peter S. Morris, Ed.D.

CPA

Superintendent
(732) 793-7722

Patricia A. Christopher,

Business Administrator
(732) 793-7402

December 3, 2015

Honorable President and Members
Board of Education of the Borough of Lavallette
105 Brooklyn Avenue
Lavallette, NJ 08735

Dear Board Members:

The comprehensive annual financial report of the Lavallette School District (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the 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 auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 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 Payment." 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: Lavallette 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 Lavallette Board of Education and its single school constitute the District's reporting entity.

1. REPORTING ENTITY (Continued)

The District provides a full range of educational services appropriate to grade levels K through 8, and has a sending-receiving relationship with the Point Pleasant Board of Education for grades 9 through 12. Classes offered are regular, vocational, and special education for disabled youngsters. The District completed the 2014 fiscal year with an enrollment of 191 students, a decrease of 2 students from June 2013. Most of the recent declines can be attributed to the effects of Superstorm Sandy on the district. The following details the changes in the student enrollment over the last ten years:

Average Daily Enrollment, K-8

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	138.3	1.6%
2013-2014	136.1	- 6.5%
2012-2013	145.9	-13.8 %
2011-2012	166.1	-0.6%
2010-2011	167.2	12.5%
2009-2010	148.6	6.4%
2008-2009	139.6	-5.9%
2007-2008	148.4	5.0%
2006-2007	141.3	-
2005-2006	141.3	-1.6%

2. ECONOMIC CONDITIONS AND OUTLOOK: Less than one mile square, twenty-seven blocks long and four blocks wide, Lavallette is a charming, residential seashore resort community. Enjoyed by many thousands of visitors in the summertime, Lavallette has a year-round population of under 3,000 residents, approximately one-third of whom may be classified as senior citizens. Employment is largely associated with the summer tourist industry (i.e., motels, restaurants, gift shops, clothing stores, etc.), although a number of the businesses maintain year-round operations. Many of Lavallette's residents are employed either directly or indirectly in this service industry. As part of a barrier island, Lavallette is landlocked between two sections of Dover Township on the north and south, and is bordered by the Atlantic Ocean and Barnegat Bay on the east and west. Consequently, its opportunities for business and residential expansion are limited.

3. MAJOR INITIATIVES: Students continue to meet and/or exceed objectives set by the educational administration as reported to the New Jersey Department of Education. The Lavallette Elementary School continues to perform achievement scores reported for math, science, reading and writing on standardized tests. Programming during the 2014-2015 school year focused on a continuation of the Board of Education's emphasis on technology in the classrooms, hands-on science instruction and excellence in language arts.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated 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. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015, and the amount and percentage of increases in relation to prior year revenues. Excluded from the presentation are the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF Social Security contributions made by the Board and reimbursed by the State.

<u>Revenue</u>	<u>Amount of Total</u>	<u>Percent</u>	<u>Increases/(Decreases) from 2013</u>	
			<u>\$</u>	<u>%</u>
Local	\$3,947,043	87%	(13,266)	-1.0%
State	521,611	11%	29,619	6.0%
Federal	<u>71,681</u>	<u>2%</u>	<u>(67,035)</u>	<u>-48.33%</u>
Total	<u>\$4,540,335</u>	<u>100%</u>	<u>\$(24,150)</u>	<u>-0.53%</u>

The local tax levy increased year-to-year \$16,053. Interest earned, tuition and miscellaneous income equaled \$230,252 an increase of \$31,829 from 2013/2014.

The schedule below presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015, and the percentage of increase or decrease in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/(Decrease) from 2013</u>	
			<u>\$</u>	<u>%</u>
Current:				
Instruction	\$1,484,235	36.4%	36,546	2.5%
Undistributed				
Instruction	1,276,538	31.3%	(59,644)	-4.4%
Other Expend	1,172,787	28.7%	(207,565)	-15.0%
Capital Outlay	17,736	.4%	(21,588)	-54.9%
Debt Service				
Principal	100,000	2.4%	-	- %
Interest	<u>28,165</u>	<u>0.8%</u>	<u>(4,520)</u>	<u>-13.8%</u>
Total	<u>\$4,079,461</u>	<u>100.0%</u>	<u>\$(256,771)</u>	<u>-5.9%</u>

The allocation of expenditures reflects the Board's and Superintendent's objective to provide the best education possible at the least cost, a factor in maintaining the Borough of Lavallette's enviable position as one of the state's lowest school taxpaying districts. During 2015 Lavallette taxpayers were assessed the lowest general school tax for an operating school district in Ocean County. Faculty salaries increased and included expanded teacher hours for regular education and special education instruction. Capital Outlay monies were used for building maintenance equipment.

8. DEBT ADMINISTRATION: On August 5, 2000 the District sold \$600,000 of school bonds at 5.15% for the purpose of replacing heating and air conditioning units and other energy conservation projects in the Lavallette Elementary School. This debt was repaid in full at June 30, 2015.

On March 8, 2005 the District sold \$1,187,000 of school bonds at a net interest rate of 4.109% for the purpose of renovations at the Lavallette Elementary School. At June 30, 2015, the District's outstanding debt was \$600,000.

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 Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of \$1,432,461 in cash and temporary investments at June 30, 2015.

The school food service fund typically receives a small amount of federal funding due to the low percentage of families eligible for meal benefits (free and reduced lunches). During the 2014/2015 school years an unusual number of students qualified for free lunches due to the number of families made homeless by Superstorm Sandy. Additionally, the district was required to provide a breakfast program for the 2014/2015 school year. The district was successful in petitioning the Division of Child Nutrition to eliminate the breakfast program for 2015/2016. The food services staff is proud of the nutritious lunches served daily to the students and they have taken steps to hold down expenses in an effort to reach financial goals to limiting the financial support that the school service fund receives from the Board.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, flood, student and volunteer accident, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with the New Jersey School Boards Association Insurance Group to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

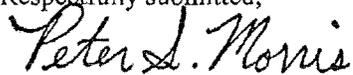
11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit 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 combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related 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 Lavallette Board of Education for their continued concern in providing fiscal accountability to the taxpayers and citizens of the Borough of Lavallette, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,



Dr. Peter S. Morris, Ed.D.
Superintendent



Patricia A. Christopher, CPA
School Business Administrator/Board Secretary

LAVALLETTE BOARD OF EDUCATION

LAVALLETTE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education:</u>	<u>Term Expires:</u>
Steve Shohfi, President,	2018
Alison Zylinski, Vice President	2018
MaryAnn Baginski, Board Member	2017
Lisa Taylor, Board Member	2016
Michael Valeri, Board Member	2016

Other Officials:

Dr. Peter S. Morris, Superintendent

Patricia A. Christopher, CPA, School Business Administrator/Board Secretary

Joan Buczkowski, Treasurer

LAVALLETTE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm:

Robert A. Hulsart and Company
Certified Public Accountants
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorney:

Francis J. Campbell
Campbell & Pruchnik
43 W. Front Street, Suite 10
Red Bank, NJ 07701

Official Depository:

Ocean First Bank
Hooper Avenue
Toms River, NJ 08735

**LAVALLETTE BOARD OF EDUCATION
ORGANIZATION CHART
(UNIT CONTROL)**

BOARD OF EDUCATION

SUPERINTENDENT

School Business Administrator/
Board Secretary

Secretary to the Superintendent

Teaching Staff:

Bookkeeper

School Secretary

K-8

Facilities Manager

School Nurse

Custodial Staff

Foreign Language

Food Service Staff

Physical Education

Attendance Officer

Resource

Treasurer

Basic Skills

Speech

Media Center

Music

Art

Student Resources

Aides

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

10.

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.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lavallette School District
County of Ocean
Lavallette, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lavallette School District, in the County of Ocean, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lavallette School District, in the County of Ocean, 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 Lavallette'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 Lavallette 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

LAVALLETTE SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2015

This section of the School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The statement of net position (A-1) presents information on all of the assets and liabilities of the District, including deferred outflow and inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental Funds – are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual government funds: the general fund, special revenue fund and capital projects fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary Funds – The District maintains one proprietary fund type, an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing the goods or services be financed through user charges. Included in the enterprise fund is the Food Service operation. The basic proprietary fund statements can be found as Exhibits B-4 through B-6.

Fiduciary Funds – are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for payroll transactions. The basic fiduciary fund statements can be found as Exhibit B-7 and B-8.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund statements in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The local tax levy increased from 2013-2014 by \$16,053 to \$3,716,791 due primarily to the overall increase in the District's general fund budget and relatively flat state aid.
- Total spending for all programs was \$4,079,461. General revenues (primarily local tax levy and state aid) were adequate to provide for the balance of these programs.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net position:

	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 2,123,584	1,684,885
Capital Assets, Net	<u>3,480,199</u>	<u>3,828,797</u>
Total	<u>5,603,783</u>	<u>5,513,682</u>
Deferred Outflows	<u>38,507</u>	<u> </u>
Deferred Inflows	<u>82,849</u>	<u> </u>
Other Liabilities	175,184	125,690
Long-Term Liabilities	<u>1,166,852</u>	<u>815,925</u>
Total	<u>1,342,036</u>	<u>941,615</u>
Invest in Capital Assets, Net	2,848,956	3,000,708
Restricted	1,747,978	1,367,088
Unrestricted	<u>(379,529)</u>	<u>204,271</u>
Total Net Position	<u>\$ 4,217,405</u>	<u>4,572,067</u>

The District's investment in capital assets is shown net of any related debt used to acquire those assets.

The unrestricted net position shows a negative balance. The negative balance is attributable to the liability for compensated absences. This is a direct liability with no corresponding asset, therefore creating a negative net asset.

The following table provides a summary of revenues and expenses for the District's governmental fund and business-type activities and the change in net assets from the prior year:

	<u>2015</u>	<u>2014</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 220,615	174,052
Operating Grants and Contributions	85,081	119,105
General Revenues		
Property Taxes	3,600,931	3,580,976
Taxes Levied for Debt Service	115,860	119,762
Federal and State Aid	521,611	554,992
Miscellaneous & Investment Income	<u>35,099</u>	<u>47,329</u>
Total Revenues	<u>4,579,197</u>	<u>4,596,216</u>
Expenses:		
Instructional Services	1,484,235	1,447,689
Support Services/Undistributed Costs	2,866,850	3,086,286
Food Service	<u>45,292</u>	<u>41,601</u>
Total Expenses	<u>4,396,377</u>	<u>4,575,576</u>
Change in Net Position	<u>\$ 182,820</u>	<u>20,640</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2014 encumbrances, which "roll-over" into the subsequent year's budget (2014-2015) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2014-2015 budget.

Economic Factors and Next Year's Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year decreased for the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Lavallette Borough.

Contacting the District's Financial Management

The District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget is comprised mainly of the June 30, 2014 encumbrances, which “roll-over” into the subsequent year’s budget (2014-2015) and are added to the original budget appropriations.

Throughout the year, as necessary, budget transfers are effectuated between budget accounts to re-align the 2014-2015 budget.

Economic Factors and Next Year’s Budget

Due to the economic condition in the State of New Jersey funding from the State for the current year decreased for the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst districts, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the taxpayers of Lavallette Borough.

Contacting the District’s Financial Management

The District’s financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

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>
<u>Assets</u>			
Cash and Cash Equivalents	\$ (315,517)	610	(314,907)
Receivables, Net	684,142	1,002	685,144
Prepaid Expense	4,360		4,360
Inventory		1,009	1,009
Restricted Assets:			
Cash and Cash Equivalents	1,215,645		1,215,645
Capital Reserve Account - Cash	532,333		532,333
Capital Assets, Net	3,480,199		3,480,199
Total Assets	<u>5,601,162</u>	<u>2,621</u>	<u>5,603,783</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>38,507</u>		<u>38,507</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>82,849</u>		<u>82,849</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Interest	16,786	38,955	55,741
Deferred Revenue	52,321		52,321
Noncurrent Liabilities:			
Due Within One Year	67,122		67,122
Due Beyond One Year	1,166,852		1,166,852
Total Liabilities	<u>1,303,081</u>	<u>38,955</u>	<u>1,342,036</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	2,848,956		2,848,956
Restricted For:			
Capital Projects	367,201		367,201
Other Purposes	1,380,777		1,380,777
Unrestricted	<u>(343,195)</u>	<u>(36,334)</u>	<u>(379,529)</u>
Total Net Position	<u>\$ 4,253,739</u>	<u>(36,334)</u>	<u>4,217,405</u>

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

LAVALLETTE 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
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 1,087,849			1,087,849		1,087,849
Special Education	214,237		62,343	151,894		151,894
Other Instruction	182,149		1,872	180,277		180,277
Support Services:						
Tuition	719,961	193,281		526,680		526,680
Student & Instruction Related Services	335,164			335,164		335,164
School Administrative Services	221,413		3,878	217,535		217,535
Plant Operations and Maintenance	263,967			263,967		263,967
Pupil Transportation	134,997			134,997		134,997
Unallocated Benefits	812,176		5,460	806,716		806,716
Interest on Long-Term Debt	26,282			26,282		26,282
Depreciation	352,890			352,890		352,890
Total Government Activities	<u>4,351,085</u>	<u>193,281</u>	<u>73,553</u>	<u>4,084,251</u>	<u>-</u>	<u>4,084,251</u>
Business-Type Activities:						
Food Service	45,292	27,334	11,528	-	6,430	6,430
Total Business-Type Activities	<u>45,292</u>	<u>27,334</u>	<u>11,528</u>	<u>-</u>	<u>6,430</u>	<u>6,430</u>
Total Primary Government	<u>4,396,377</u>	<u>220,615</u>	<u>85,081</u>	<u>4,084,251</u>	<u>6,430</u>	<u>4,090,681</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				3,600,931		3,600,931
Taxes Levied for Debt Service				115,860		115,860
Federal and State Aid Not Restricted				521,611		521,611
Investment Earnings				2,247		2,247
Miscellaneous				32,852		32,852
Transfers				(6,500)	6,500	-
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>4,267,001</u>	<u>6,500</u>	<u>4,273,501</u>
Change in Net Position				182,750	70	182,820
Restatement for Pension				(496,715)		(496,715)
Net Position - Beginning				<u>4,567,704</u>	<u>(36,404)</u>	<u>4,531,300</u>
Net Position - Ending				<u>\$ 4,253,739</u>	<u>(36,334)</u>	<u>4,217,405</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>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,387,070	45,391		1,432,461
Receivables From Other Governments	27,155		609,937	637,092
Other Receivables Net	45,050	2,000		47,050
Prepaid Expense	4,360			4,360
Interfund Receivable	236,231			236,231
Total Assets	<u>\$ 1,699,866</u>	<u>47,391</u>	<u>609,937</u>	<u>2,357,194</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Interfund Payable	\$ -		236,231	236,231
Deferred Revenue	4,930	47,391		52,321
Accounts Payable			6,505	6,505
Total Liabilities	<u>4,930</u>	<u>47,391</u>	<u>242,736</u>	<u>295,057</u>
Fund Balance:				
Restricted for:				
Excess Surplus - Current Year	197,502			197,502
Committed To:				
Designated for Subsequent Years Expenditures -				
Excess Surplus	210,377			210,377
Emergency Reserve Account	203,865			203,865
Maintenance Reserve Account	236,700			236,700
Capital Reserve Account	532,333			532,333
Assigned To:				
Other Purposes	71,711			71,711
Unassigned:				
Capital Projects			367,201	367,201
General Fund	242,448			242,448
Total Fund Balances	<u>1,694,936</u>	<u>-</u>	<u>367,201</u>	<u>2,062,137</u>
Total Liabilities and Fund Balance	<u>\$ 1,699,866</u>	<u>47,391</u>	<u>609,937</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 \$7,091,651 and the accumulated depreciation is \$3,611,452	3,480,199
Accrued Interest	(10,281)
Deferred outflow of resources - contributions to the pension plan	38,507
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(82,849)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(1,233,974)</u>
Net position of governmental activities	<u>\$ 4,253,739</u>

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

LAVALLETTE 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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 3,600,931			115,860	3,716,791
Tuition Charges	193,281				193,281
Interest Earned	1,698				1,698
Interest Earned on Capital Reserve Funds	170				170
Interest Earned on Maintenance Reserve Funds	308				308
Interest Earned on Emergency Reserve Funds	71				71
Miscellaneous	32,852	1,872			34,724
Total Local Sources	<u>3,829,311</u>	<u>1,872</u>	-	115,860	3,947,043
State Sources	509,306			12,305	521,611
Federal Sources		71,681			71,681
Total Revenues	<u>4,338,617</u>	<u>73,553</u>	-	<u>128,165</u>	<u>4,540,335</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	1,087,849				1,087,849
Special Education Instruction	151,894	62,343			214,237
Other Instruction	180,277	1,872			182,149
Support Services and Undistributed Costs:					
Tuition	719,961				719,961
Student and Instruction Related Services	335,164				335,164
Support Services General and School Administration	217,535	3,878			221,413
Plant Operations and Maintenance	263,967				263,967
Pupil Transportation	134,997				134,997
Unallocated Benefits	768,363	5,460			773,823
Capital Outlay	17,736				17,736
Debt Service:					
Principal				100,000	100,000
Interest and Other Charges				28,165	28,165
Total Expenditures	<u>3,877,743</u>	<u>73,553</u>	-	<u>128,165</u>	<u>4,079,461</u>

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

LAVALLETTE SCHOOL DISTRICT

**Exhibit B-2
Sheet 2 of 2**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>460,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,874</u>
Other Financing Sources (Uses):					
Transfers To Food Service Fund	<u>(6,500)</u>				<u>(6,500)</u>
Total Other Financing Sources (Uses)	<u>(6,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,500)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>454,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454,374</u>
Net Change in Fund Balances	454,374	-	-	-	454,374
Fund Balance - July 1	<u>1,240,562</u>		<u>367,201</u>		<u>1,607,763</u>
Fund Balance - June 30	<u>\$ 1,694,936</u>	<u>-</u>	<u>367,201</u>	<u>-</u>	<u>2,062,137</u>

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

LAVALLETTE SCHOOL DISTRICT

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 ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 454,374

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.

Capital Outlays	17,736	
Depreciation	<u>(352,890)</u>	(335,154)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 100,000

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). 5,989

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position 38,507

Pension related deferrals (82,849)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 1,883

Change in Net Position of Governmental Activities \$ 182,750

LAVALLETTE SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2015

	<u>Business Type Activities Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 610
Accounts Receivable:	
State	24
Federal	615
Miscellaneous	363
Inventories	1,009
Total Current Assets	<u>2,621</u>
Noncurrent Assets:	
Furniture Machinery and Equipment	18,169
Less: Accumulated Depreciation	<u>(18,169)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>\$ 2,621</u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 38,955</u>
Total Liabilities	<u>\$ 38,955</u>
<u>Net Position</u>	
Unrestricted	<u>\$ (36,334)</u>
Total Net Position	<u>\$ (36,334)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2015

	Business Type Activities Enterprise Funds
	<hr/>
Operating Revenues:	
Changes for Services:	
Daily Sales	\$ 27,334
Total Operating Revenue	<hr/> 27,334 <hr/>
 Operating Expenses:	
Cost of Sales	11,249
Supplies	124
Management Fee	33,500
Miscellaneous	419
Total Operating Expenses	<hr/> 45,292 <hr/>
 Operating Income (Loss)	 (17,958)
 Non-Operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	415
Federal Sources:	
National School Lunch PB Program	561
National School Breakfast Program	708
National School Lunch Program	9,831
Interest Revenue	13
Board Subsidy	6,500
Total Non-Operating Revenues (Expenses)	<hr/> 18,028 <hr/>
 Change in Net Position	 70
 Total Net Position Beginning	 <hr/> (36,404) <hr/>
 Total Net Position Ending	 \$ (36,334) <hr/> <hr/>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2015

	Business Type Activities Enterprise Funds
	<hr/>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 27,334
Payments to Suppliers & Employees	(51,548)
Net Cash Used by Operating Activities	<hr/> <u>(24,214)</u>
 Cash Flows from Noncapital Financing Activities:	
State Sources	415
Federal Sources	11,100
Board Subsidy	6,500
Net Cash Provided by Noncapital Financing Activities	<hr/> <u>18,015</u>
 Cash Flows from Investing Activities	<hr/> <u>13</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	(6,186)
 Balances Beginning of Year	<hr/> <u>6,796</u>
 Balances End of Year	<hr/> <u>\$ 610</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (17,958)
Change in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	174
Increase/(Decrease) in Accounts Payable	(7,071)
(Increase)/Decrease in Inventories	641
Net Cash Used by Operating Activities	<hr/> <u>\$ (24,214)</u>

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

STATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 38,572</u>
Total Assets	<u><u>\$ 38,572</u></u>
Net Position:	
Reserved - Unemployment Benefits	<u>\$ 38,572</u>
Total Net Position	<u><u>\$ 38,572</u></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>
<u>Additions</u>	
Contributions	\$ 3,012
Total Contributions	<u>3,012</u>
Investment Earnings:	
Interest	48
Net Investment Earnings	<u>48</u>
Total Additions	<u>3,060</u>
<u>Deductions</u>	
Unemployment Claims	-
Total Deductions	<u>-</u>
Change in Net Position	3,060
Net Position - Beginning of Year	<u>35,512</u>
Net Position - End of the Year	<u>\$ 38,572</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
LAVALLETTE 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 Lavallette 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Lavallette. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore the District is not includable in any other reporting entity on the basis of such criteria.

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

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.

Fiduciary Fund Types

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.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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). All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were not significant.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets/Budgetary Control (Continued):**

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.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

F. 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.

G. 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

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.

I. 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 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

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Depreciable Assets:				
Buildings & Sites	\$ 5,789,634	4,370		5,794,004
Equipment	<u>1,338,739</u>	<u>1,092</u>	(42,184)	<u>1,297,647</u>
Total	<u>7,128,373</u>	<u>5,462</u>	(42,184)	<u>7,091,651</u>

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Less: Accumulated Depreciation:				
Buildings & Sites	(2,161,264)	(220,583)		(2,381,847)
Equipment	<u>(1,138,312)</u>	<u>(132,307)</u>	41,014	<u>(1,229,605)</u>
Total Accumulated Depreciation	<u>(3,299,576)</u>	<u>(352,890)</u>	<u>41,014</u>	<u>(3,611,452)</u>
Net Depreciable Assets	<u>3,828,797</u>	<u>(347,428)</u>	<u>(1,170)</u>	<u>3,480,199</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,828,797</u>	<u>(347,428)</u>	<u>(1,170)</u>	<u>3,480,199</u>
Food Service:				
Equipment	\$ 18,961			18,961
Accumulated Depreciation	<u>(18,961)</u>	_____	_____	<u>(18,961)</u>
Net Depreciable Assets	<u>\$ _____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 352,890</u>
-------------	-------------------

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

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, which approximates market. The District 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 District 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 for 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.

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

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

	Cash and Cash Equivalents
Checking, Money Market Accounts	<u>\$ 1,510,084</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the District's cash and cash equivalents at June 30, 2015 was \$1,510,084 and the bank balance was \$1,729,193. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,509,123 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

FDIC	\$ 250,000
GUPDA	1,509,193

As of June 30, 2015, the District did not hold any long-term investments.

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.

The District had no uninsured deposits.

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:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Long-Term Portion	2015-16 Payment
Compensated Absences Payable	\$ 112,005		5,989	106,016	106,016	
Capital Leases	3,920	36,019	8,696	31,243	24,121	7,122
Bonds Payable	700,000		100,000	600,000	540,000	60,000
Pension Liability	<u> </u>	496,715	<u> </u>	<u>496,715</u>	<u>496,715</u>	<u> </u>
	<u>\$ 815,925</u>	<u>532,734</u>	<u>114,685</u>	<u>1,233,974</u>	<u>1,166,852</u>	<u>67,122</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds, and the interest rates vary from 3.45% to 4.50% for the 2004 issue and the interest rates vary from 4.00% to 4.20% for the 2005 issue.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 60,000	24,675	84,675
2017	60,000	22,215	82,215
2018	60,000	19,755	79,755
2019	60,000	17,294	77,294
2020	60,000	14,835	74,835
2021-2025	<u>300,000</u>	<u>37,260</u>	<u>337,260</u>
	<u>\$ 600,000</u>	<u>136,034</u>	<u>736,034</u>

B. Capital Leases Payable:

On June 16, 2014 the district entered into a lease for copiers for \$36,019 for five years from 8/31/14 maturing 8/1/19 with a balance of \$30,782 at June 30, 2015.

On August 13, 2010 the district entered into a lease for a copier for \$11,914 for five years from September 30, 2010 maturing August 31, 2015 with a balance of \$461 at June 30, 2015.

Lease Payments**Year Ended June 30 – Future Minimum**

2016	\$ 8,897
2017	8,433
2018	8,433
2019	8,433
2020	<u>1,405</u>
	35,601
Less: Interest	<u>4,358</u>
Lease Payments	<u>\$ 31,243</u>

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 Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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 Employees' 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 1/60 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 provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision 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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 4: Pension Plans (Continued)

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 contains 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 Districts' 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.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required 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 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.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2015, the State of New Jersey contributed \$207,628 to the TPAF for post-retirement medical 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 \$105,767 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. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/15	\$ 22,888	100%	0
6/30/14	27,069	100%	0
6/30/13	18,197	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/14	\$ 207,628	100%	0
6/30/14	162,067	100%	0
6/30/13	209,668	100%	0

Pension Expense Deferred Outflows/Inflows – PERS

For the year ended June 30, 2015, the District recognized pension expense of \$22,888. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Difference Between Expected and Actual Experience	\$	
Changes of Assumptions	15,619	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		29,602
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		53,247
District Contributions Subsequent to the Measurement Date	<u>22,888</u>	<u> </u>
Total	<u>\$ 38,507</u>	<u>82,849</u>

\$38,507 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:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective Deferred Outflows of Resources	\$ 38,507	
Collective Deferred Inflows of Resources	82,849	
Collective Net Pension Liability	496,715	570,078
District's Proportion	.00265%	.00298%

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:

	2014		
	<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%

	2013		
	<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:

	<u>2014</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.39%)</u>	<u>Discount</u>	<u>Increase (6.39%)</u>
<u>Rate (5.39%)</u>	<u>Rate (5.39%)</u>	<u>Increase (6.39%)</u>	
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>
	<u>2013</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.55%)</u>	<u>Discount</u>	<u>Increase (6.55%)</u>
	<u>Rate (5.55%)</u>	<u>Rate (5.55%)</u>	<u>Increase (6.55%)</u>
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:

	<u>2014</u>	<u>2013</u>
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>\$ 7,756,905</u>	<u>7,696,473</u>
District's Proportion	.01441%	.01515%

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: Interfund Receivables and Payables

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 236,231	
Capital Project Fund	_____	<u>236,231</u>
	<u>\$ 236,231</u>	<u>236,231</u>

NOTE 7: 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 right to the benefits.

NOTE 7: Compensated Absences (Continued)

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 (or current and long-term liabilities). The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

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

NOTE 8: Capital Reserve Account

A capital Reserve account was established by the Borough of Lavallette Board of Education 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). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. 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.

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

Beginning Balance, July 1, 2014	\$ 282,133
Interest Earnings	200
Increase by Board resolution June 14, 2015	<u>250,000</u>
Ending Balance, June 30, 2015	<u>\$ 532,333</u>

NOTE 9: 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.

Negligence and other types of liability suits, of which the Board is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 10: Deferred Compensation

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

Vanguard Group
AXA Equitable
Valic

NOTE 11: Equity Balance

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

Excess Surplus	\$ 197,502
Excess Surplus – Designated for Subsequent Year’s Expenditures	210,377
Emergency Reserve	203,865
Maintenance Reserve	236,700
Capital Reserve	532,333
Reserved for Encumbrances	71,711
Unrestricted	<u>259,895</u>
	<u>\$ 1,712,383</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2015-2016 budget and expended therefrom.

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. Designated for subsequent year’s represents the amount appropriated in the 2015-2016 budget.

NOTE 11: Equity Balance (Continued)**2% Calculation of Excess Surplus**

2014-15 Total General Fund Expenditures Per the CAFR	\$ 4,130,521
Increased by:	
Transfer to Food Services	6,500
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(105,767)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 4,031,254</u>
2% of Adjusted 2014-15 General Fund Expenditures	<u>\$ 80,625</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>9,895</u>
Maximum Unassigned Fund Balance	<u>\$ 259,895</u>

Section 2

Total General Fund – Fund Balance @ 6-30-15	\$ 1,712,383
Decreased by:	
Reserve for Encumbrances	(71,711)
Designated for Subsequent Year’s Expenditures	(210,377)
Other Reserves	<u>(972,898)</u>
Total Unassigned Fund Balance	<u>\$ 457,397</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 197,502</u>

Section 3

Reserved Fund Balance – Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ 210,377
Excess Surplus	<u>197,502</u>
Total Excess Surplus	<u>\$ 407,879</u>

Detail of Allowable Adjustments

Extraordinary Aid - Unbudgeted	\$ 8,851
Non-Public Transportation	<u>1,044</u>
Total Allowable Adjustments	<u>\$ 9,895</u>

Detail of Other Restricted Fund Balance

Maintenance Reserve	\$ 236,700
Emergency Reserve	203,865
Capital Reserve	<u>532,333</u>
Total Other Restricted Fund Balance	<u>\$ 972,898</u>

NOTE 12: Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District 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 to 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 and previous three years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2014-2015	\$ 48	3,012		38,572
2013-2014	49	3,026		35,512
2012-2013	57	3,022	0	32,437

NOTE 13: 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 14: Significant 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

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 1 of 10

GENERAL 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:					
Local Sources:					
Local Tax Levy	\$ 3,600,931		3,600,931	3,600,931	-
Tuition	140,000		140,000	193,281	53,281
Interest				1,698	1,698
Interest Earned Capital Reserve Fund	200		200	170	(30)
Interest Earned Maintenance Reserve Fund	267		267	308	41
Interest Emergency Reserve Fund	50		50	71	21
Unrestricted Miscellaneous Revenue	33,852		33,852	32,852	(1,000)
Total Local Sources	<u>3,775,300</u>	<u>-</u>	<u>3,775,300</u>	<u>3,829,311</u>	<u>54,011</u>
State Sources:					
Special Education Aid	91,536		91,536	91,536	-
Security Aid	15,820		15,820	15,820	-
Adjustment Aid	4,798		4,798	4,798	-
Transportation Aid	59,948		59,948	59,948	-
Extraordinary Aid	11,808		11,808	20,659	8,851
PARCC Aid	1,170		1,170	1,170	-
Per Pupil Growth	1,170		1,170	1,170	-
TPAF Pension (On Behalf-Non-Budgeted)			-	207,628	207,628
TPAF Social Security (Reimbursed - Non-Budgeted)			-	105,767	105,767
Non-Public Transportation Aid			-	1,044	1,044
Total State Sources	<u>186,250</u>	<u>-</u>	<u>186,250</u>	<u>509,540</u>	<u>323,290</u>
Total Revenues	<u>3,961,550</u>	<u>-</u>	<u>3,961,550</u>	<u>4,338,851</u>	<u>377,301</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 2 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	106,852	(6,000)	100,852	96,656	4,196
Grades 1-5 - Salaries of Teachers	504,231	1,268	505,499	497,961	7,538
Grades 6-8 - Salaries of Teachers	370,144	2,570	372,714	367,848	4,866
Regular Programs - Home Instruction:					
Salaries of Teachers	215	(215)	-	-	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	53,915		53,915	50,570	3,345
Purchased Professional-Educational Services	6,000	3,000	9,000	9,000	-
General Supplies	55,065	14,690	69,755	52,002	17,753
Textbooks	5,000	(3,900)	1,100	118	982
Other Objects	10,000	3,971	13,971	13,694	277
Total Regular Programs - Instruction	<u>1,111,422</u>	<u>15,384</u>	<u>1,126,806</u>	<u>1,087,849</u>	<u>38,957</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	165,846	(5,000)	160,846	151,076	9,770
Textbooks	500		500		500
General Supplies	2,000		2,000	818	1,182
Other Objects	1,000		1,000		1,000
Total Resource Room/Resource Center	<u>169,346</u>	<u>(5,000)</u>	<u>164,346</u>	<u>151,894</u>	<u>12,452</u>
Total Special Education - Instruction	<u>169,346</u>	<u>(5,000)</u>	<u>164,346</u>	<u>151,894</u>	<u>12,452</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 3 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	45,706	2,593	48,299	48,299	-
General Supplies	150		150	150	-
Total Basic Skills/Remedial - Instruction	<u>45,856</u>	<u>2,593</u>	<u>48,449</u>	<u>48,449</u>	<u>-</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	<u>23,821</u>	<u>108</u>	<u>23,929</u>	<u>23,328</u>	<u>601</u>
School Sponsored Athletics - Instruction					
Salaries	35,000		35,000	31,966	3,034
Purchased Services (300-500 Series)	3,000	1,000	4,000	3,841	159
Supplies and Materials	10,000	(390)	9,610	5,348	4,262
Other Objects	2,500	(284)	2,216	2,216	-
Total School Sponsored Athletics - Instruction	<u>50,500</u>	<u>326</u>	<u>50,826</u>	<u>43,371</u>	<u>7,455</u>
Community Services Program/Operations - Instruction:					
Salaries	35,243	25,128	60,371	60,371	-
General Supplies	2,000	(712)	1,288	1,288	
Other Objects	5,000	(1,530)	3,470	3,470	-
Total Community Services	<u>42,243</u>	<u>22,886</u>	<u>65,129</u>	<u>65,129</u>	<u>-</u>
Total Instruction	<u>1,443,188</u>	<u>36,297</u>	<u>1,479,485</u>	<u>1,420,020</u>	<u>59,465</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs Within the State - Regular	552,203		552,203	552,203	-
Tuition to Other LEAs Within the State - Special	84,000		84,000	43,440	40,560
Tuition to County Vocational - Regular	500		500	500	-
Tuition to Private Schools for the Disabled - Within State	230,787	(23,153)	207,634	123,818	83,816
Total Undistributed Expenditures-Instruction	<u>867,490</u>	<u>(23,153)</u>	<u>844,337</u>	<u>719,961</u>	<u>124,376</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 4 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Attendance and Social Work - Undistributed Services:					
Salaries	4,203	679	4,882	4,874	8
Other Purchased Services	<u>2,100</u>	<u>(679)</u>	<u>1,421</u>	<u>1,421</u>	<u>-</u>
Total Attendance and Social Work - Undistributed Services	<u>6,303</u>	<u>-</u>	<u>6,303</u>	<u>6,295</u>	<u>8</u>
Health Services - Undistributed Expenditures:					
Salaries	66,335	2,229	68,564	68,564	-
Purchased Professional and Technical Services	7,000	(2,237)	4,763	2,950	1,813
Other Purchased Services (400-500 Series)	450		450		450
Supplies and Materials	<u>1,250</u>	<u>8</u>	<u>1,258</u>	<u>1,233</u>	<u>25</u>
Total Health Services	<u>75,035</u>	<u>-</u>	<u>75,035</u>	<u>72,747</u>	<u>2,288</u>
Other Support Services - Students - Related Services:					
Salaries	34,746	(242)	34,504	34,504	-
Purchased Professional-Educational Services	13,500	(256)	13,244	9,840	3,404
Supplies and Materials	<u>105</u>	<u>498</u>	<u>603</u>	<u>233</u>	<u>370</u>
Total Other Support Services - Students - Related Services	<u>48,351</u>	<u>-</u>	<u>48,351</u>	<u>44,577</u>	<u>3,774</u>
Other Support Services - Students - Regular:					
Salaries of Secretarial and Clerical Assistants	5,604	719	6,323	6,323	-
Other Purchased Professional and Technical Services	5,500		5,500	1,158	4,342
Supplies and Materials	<u>2,000</u>		<u>2,000</u>	<u>609</u>	<u>1,391</u>
Total Other Support Services - Students - Regular	<u>13,104</u>	<u>719</u>	<u>13,823</u>	<u>8,090</u>	<u>5,733</u>
Other Support Services - Students - Special:					
Salaries of Secretarial and Clerical Assistants	8,802	769	9,571	9,571	-
Purchased Professional Educational Services	39,500	(2,875)	36,625	23,122	13,503
Other Purchased Professional and Technical Services	500		500		500
Supplies and Materials	<u>100</u>		<u>100</u>		<u>100</u>
Total Other Support Services - Students - Special	<u>48,902</u>	<u>(2,106)</u>	<u>46,796</u>	<u>32,693</u>	<u>14,103</u>

LAVALLETTE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Sheet 5 of 10

GENERAL 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>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	22,973	971	23,944	23,944	-
Supervision Support	7,402	798	8,200	8,200	-
Salaries of Facilitators, Math and Literacy Coaches	1,179	59	1,238		1,238
Supplies	2,500	(500)	2,000		2,000
Other Objects	2,500		2,500		2,500
Total Improvement of Instructional Services	<u>36,554</u>	<u>1,328</u>	<u>37,882</u>	<u>32,144</u>	<u>5,738</u>
Educational Media Services/School Library:					
Salaries	48,346	(10,136)	38,210	31,746	6,464
Salaries of Secretarial and Clerical Assistants		120	120	60	60
Salaries of Technology Coordinators	12,009	417	12,426	4,956	7,470
Purchased Professional and Technical Services	7,000	(1,494)	5,506	5,122	384
Other Purchased Services (400-500 Series)	25,000	(1,176)	23,824	23,366	458
Supplies and Materials	2,500	10,526	13,026	12,970	56
Other Objects	2,100	(1,257)	843		843
Total Educational Media Services/School Library	<u>96,955</u>	<u>(3,000)</u>	<u>93,955</u>	<u>78,220</u>	<u>15,735</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	23,944		23,944	23,944	-
Salaries of Secretarial and Clerical Assistants	8,802	380	9,182	9,182	-
Tuition Reimbursement		6,339	6,339	6,338	1
Purchased Professional Educational Services	8,250	(2,798)	5,452	1,921	3,531
Purchased Professional and Technical Services	3,000	620	3,620	3,620	-
Other Purchased Services (400-500 Series)	10,000	2,659	12,659	12,434	225
Supplies and Materials	316	(50)	266		266
Other Objects	4,500	(1,541)	2,959	2,959	-
Total Instructional Staff Training Services	<u>58,812</u>	<u>5,609</u>	<u>64,421</u>	<u>60,398</u>	<u>4,023</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 6 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Support Services - General Administration:					
Salaries	49,275	(1,111)	48,164	48,164	-
Legal Services	5,500	10,521	16,021	16,021	-
Audit Fees	7,700	300	8,000	8,000	-
Purchased Technical Services	250	256	506	506	-
Communications/Telephone	2,000	84	2,084	2,084	-
Other Purchased Services (400-500 Series)		576	576	576	-
Supplies and Materials	400	346	746	746	-
Membership Dues and Fees	4,500	(4,034)	466	466	-
Total Support Services - General Administration	<u>69,625</u>	<u>6,938</u>	<u>76,563</u>	<u>76,563</u>	<u>-</u>
Support Services - School Administration:					
Salaries of Principal/Assistant Principals	46,475	240	46,715	46,715	-
Other Objects	1,500	(1,500)	-	-	-
Total Support Services - School Administration	<u>47,975</u>	<u>(1,260)</u>	<u>46,715</u>	<u>46,715</u>	<u>-</u>
Central Services:					
Salaries	92,208	(17,367)	74,841	74,841	-
Purchased Professional Services		4,800	4,800	4,800	-
Purchased Technical Services	500	1,130	1,630	1,630	-
Other Purchased Services	6,500	(428)	6,072		6,072
Supplies and Materials	500	69	569	569	-
Miscellaneous Expenditures	250	1,200	1,450	1,450	-
Total Central Services	<u>99,958</u>	<u>(10,596)</u>	<u>89,362</u>	<u>83,290</u>	<u>6,072</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 7 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Administration Information Technical:					
Purchased Technical Services	<u>11,000</u>	<u>(33)</u>	<u>10,967</u>	<u>10,967</u>	<u>-</u>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	37,000	27,826	64,826	64,826	-
General Supplies	<u>10,000</u>	<u>4,207</u>	<u>14,207</u>	<u>12,342</u>	<u>1,865</u>
Total Required Maintenance for School Facilities	<u>47,000</u>	<u>32,033</u>	<u>79,033</u>	<u>77,168</u>	<u>1,865</u>
Other Operations & Maintenance of Plant:					
Salaries	71,022	(665)	70,357	69,365	992
Salaries of Non-Instructional Aides	13,923		13,923	13,061	862
Purchased Professional and Technical Services		585	585	235	350
Cleaning, Repair and Maintenance Services	35,000	(28,582)	6,418	3,233	3,185
Other Purchased Property Services	27,000	(585)	26,415	298	26,117
Insurance	33,000		33,000	30,403	2,597
Miscellaneous Purchased Services	6,550	723	7,273	4,314	2,959
General Supplies	3,000		3,000	826	2,174
Energy (Heat & Electricity)	24,000	(2,300)	21,700	18,539	3,161
Energy (Natural Gas)	<u>3,500</u>	<u>2,300</u>	<u>5,800</u>	<u>4,295</u>	<u>1,505</u>
Total Other Operations & Maintenance of Plant	<u>216,995</u>	<u>(28,524)</u>	<u>188,471</u>	<u>144,569</u>	<u>43,902</u>
Care and Upkeep of Grounds					
Salaries	6,000	429	6,429	5,306	1,123
Cleaning, Repair and Maintenance Services	6,000	1,598	7,598	3,720	3,878
General Supplies	<u>400</u>		<u>400</u>	<u>12</u>	<u>388</u>
Total Upkeep and Care of Grounds	<u>12,400</u>	<u>2,027</u>	<u>14,427</u>	<u>9,038</u>	<u>5,389</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Undistributed Expenditures - Security					
Salaries	31,541	(2,550)	28,991	28,358	633
Purchased Professional and Technical Services	4,500	2,100	6,600	3,300	3,300
General Supplies	2,000		2,000	1,534	466
Total Undistributed Expenditures - Security	<u>38,041</u>	<u>(450)</u>	<u>37,591</u>	<u>33,192</u>	<u>4,399</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) Regular	1,500		1,500	1,500	-
Salaries for Pupil Transportation (Between Home and School) Special Education	1,500		1,500	1,500	-
Salaries for Pupil Transportation (Other Than Between Home and School)	1,500	346	1,846	1,843	3
Salaries for Pupil Transportation (Non-Public) Between Home and School	1,500	27	1,527	1,527	-
Contr. Serv. (Between Home & School)-Vendors			-		-
Contr. Serv. (Other Than Between Home & School)-Vendors	23,800	(115)	23,685	21,772	1,913
Contr. Serv. (Between Home & School) - Jointures	44,000	35,192	79,192	71,157	8,035
Contr. Serv. (Special Education) - Vendors	12,900	(2,486)	10,414	10,414	-
General Supplies	250	(216)	34	34	-
Contr. Serv. (Special Education) - ESC's and CTSA's	22,500	(2,554)	19,946	19,946	-
Miscellaneous Purchased Services	467	(467)	-		-
Aid in Lieu of Transportation - Non-Public School	6,300	(996)	5,304	5,304	-
Total Student Transportation Services	<u>116,217</u>	<u>28,731</u>	<u>144,948</u>	<u>134,997</u>	<u>9,951</u>

LAVALLETTE SCHOOL DISTRICT

Exhibit C-1

Sheet 9 of 10

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Unallocated Benefits:					
Social Security Contributions	30,000		30,000	27,101	2,899
Other Retirement Contributions - PERS	28,000		28,000	22,888	5,112
Workmen's Compensation	25,000		25,000	21,260	3,740
Health Benefits	450,000	(30,356)	419,644	349,424	70,220
Other Employee Benefits	9,000	25,295	34,295	34,295	-
Total Unallocated Benefits	<u>542,000</u>	<u>(5,061)</u>	<u>536,939</u>	<u>454,968</u>	<u>81,971</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				207,628	(207,628)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				<u>105,767</u>	<u>(105,767)</u>
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,395</u>	<u>(313,395)</u>
Total Undistributed Expenditures	<u>2,452,717</u>	<u>3,202</u>	<u>2,455,919</u>	<u>2,439,987</u>	<u>15,932</u>
Total Current Expense	<u>3,895,905</u>	<u>39,499</u>	<u>3,935,404</u>	<u>3,860,007</u>	<u>75,397</u>
Capital Outlay:					
Interest to Capital Reserve	200		200	200	200
Interest on Maintenance Reserve	267		267	267	267
Interest on Emergency Reserve	50		50	50	50
Equipment:					
Instructional Equipment	25,000	7,334	32,334	12,796	19,538
Central Services Equipment	6,000		6,000		6,000
Buildings Operation Equipment		4,370	4,370	4,370	-
Required Maintenance School Facilities	135,000		135,000		135,000
Custodial Services	5,000		5,000		5,000
Facilities Acquisition and Construction Services:					
Other Objects - SDA Assessment	53		53	53	-
Total Capital Outlay	<u>171,570</u>	<u>11,704</u>	<u>183,274</u>	<u>17,736</u>	<u>166,055</u>

LAVALLETTE SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 10**

BUDGETARY COMPARISON SCHEDULE

GENERAL 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>
Total Expenditures	<u>4,067,475</u>	<u>51,203</u>	<u>4,118,678</u>	<u>3,877,743</u>	<u>241,452</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(105,925)</u>	<u>(51,203)</u>	<u>(157,128)</u>	<u>461,108</u>	<u>618,753</u>
Other Financing Sources/(Uses):					
Transfer to Food Service Fund	<u>(10,000)</u>	<u></u>	<u>(10,000)</u>	<u>(6,500)</u>	<u>3,500</u>
Total Other Financing Sources/(Uses)	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(6,500)</u>	<u>3,500</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(115,925)</u>	<u>(51,203)</u>	<u>(167,128)</u>	<u>454,608</u>	<u>622,253</u>
Fund Balance July 1	<u>1,257,775</u>	<u></u>	<u>1,257,775</u>	<u>1,257,775</u>	<u></u>
Fund Balance June 30	<u>\$ 1,141,850</u>	<u>(51,203)</u>	<u>1,090,647</u>	<u>1,712,383</u>	<u>622,253</u>
Recapitulation:					
Assigned To:					
Reserve for Encumbrances				\$ 71,711	
Restricted For:					
Excess Surplus - Current Year				197,502	
Committed To:					
Emergency Reserve				203,865	
Maintenance Reserve				236,700	
Capital Reserve				532,333	
Designated for Subsequent Year's Expenditures - Excess Surplus				210,377	
Unassigned Fund Balance				<u>259,895</u>	
				1,712,383	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(17,447)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,694,936</u>	

LAVALLETTE 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:					
Local Sources	\$ -	1,872	1,872	1,872	
Federal Sources	64,360	7,321	71,681	71,681	
Total Revenues	<u>\$ 64,360</u>	<u>9,193</u>	<u>73,553</u>	<u>73,553</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 21,000		21,000	21,000	
Purchased Professional Services	19,835	9,193	29,028	29,028	
Tuition	12,315		12,315	12,315	
General Supplies	1,872		1,872	1,872	
Total Instruction	<u>55,022</u>	<u>9,193</u>	<u>64,215</u>	<u>64,215</u>	<u>-</u>
Support Services:					
Employee Benefits	5,460		5,460	5,460	
Other Purchased Services	3,878		3,878	3,878	
Total Support Services	<u>9,338</u>	<u>-</u>	<u>9,338</u>	<u>9,338</u>	
Total Expenditures	<u>\$ 64,360</u>	<u>9,193</u>	<u>73,553</u>	<u>73,553</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGET-TO-GAAP RECONCILIATION

NOTE TO RSI

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Revenues" from the Budgetary Comparison Schedule	\$ 4,338,851	73,553
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 recognized for GAAP statements in the current year previously recognized for budgetary purposes.	17,213	
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>(17,447)</u>	
Total Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,338,617</u>	<u>73,553</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,887,743	73,553
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported 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>\$ 3,887,743</u>	<u>73,553</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

LAVALLETTE SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET 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)	\$ 496,715	570,078
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 496,715</u>	<u>570,078</u>
District's Covered-Employee Payroll	\$ 170,571	179,369
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	34.34%	31.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 27,069	18,197
Contributions in Relation to the Contractually Required Contribution	<u>27,069</u>	<u>18,197</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 170,571	179,369
Contributions as a Percentage of Covered-Employee Payroll	15.87%	10.15%

LAVALLETTE 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>7,756,905</u>	<u>7,696,473</u>
Total	<u>\$ 7,756,905</u>	<u>7,696,473</u>
District's Covered-Employee Payroll	\$ 1,466,800	1,445,916
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	18.91%	18.79%
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

LAVALLETTE SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR FISCAL YEAR ENDED JUNE 30, 2015

	<u>Superstorm Sandy Donations</u>	<u>IDEA Preschool</u>	<u>IDEA Basic</u>	<u>NCLB</u>		<u>Total</u>
				<u>Title I</u>	<u>Title II A</u>	
Revenues:						
Local Sources	\$ 1,872					1,872
Federal Sources		1,028	40,315	20,542	9,796	71,681
Total Revenues	<u>\$ 1,872</u>	<u>1,028</u>	<u>40,315</u>	<u>20,542</u>	<u>9,796</u>	<u>73,553</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ -			16,000	5,000	21,000
Purchased Technical Services		1,028	28,000			29,028
Other Purchased Services			12,315			12,315
General Supplies	1,872					1,872
Total Instruction	<u>1,872</u>	<u>1,028</u>	<u>40,315</u>	<u>16,000</u>	<u>5,000</u>	<u>64,215</u>
Support Services:						
Employee Benefits				4,160	1,300	5,460
Purchased Professional Educational Services						-
Other Purchased Services				382	3,496	3,878
General Supplies						-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,542</u>	<u>4,796</u>	<u>9,338</u>
Total Expenditures	<u>\$ 1,872</u>	<u>1,028</u>	<u>40,315</u>	<u>20,542</u>	<u>9,796</u>	<u>73,553</u>

CAPITAL PROJECTS FUND – F

LAVALLETTE 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

Fund Balance - Beginning	\$ 367,201
Fund Balance - Ending	\$ 367,201

LAVALLETTE SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISWINDOW AND DOOR REPLACEMENT TO ELEMENTARY SCHOOLFROM 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>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 69,889		69,889	84,976
Transfer from Capital Reserve	127,464		127,464	127,464
Total Revenues	<u>197,353</u>	<u>-</u>	<u>197,353</u>	<u>212,440</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	<u>207,592</u>		<u>207,592</u>	<u>212,440</u>
Total Expenditures	<u>207,592</u>	<u>-</u>	<u>207,592</u>	<u>212,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (10,239)</u>	<u>-</u>	<u>(10,239)</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		2550-050-04-2000		
Grant Date		4/20/04		
Original Authorized Cost		\$ 212,440		
Additional Authorized Cost		-		
Revised Authorized Cost		212,440		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		92%		
Original Target Completion Date		Jan. 05		
Revised Target Completion Date		June 11		

LAVALLETTE SCHOOL DISTRICTCAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLFROM 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>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ 544,006		544,006	544,006
Bond Proceeds and Transfers	1,187,000		1,187,000	1,187,000
Transfer from Capital Reserve	324		324	324
Total Revenues	<u>1,731,330</u>	<u>-</u>	<u>1,731,330</u>	<u>1,731,330</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	1,353,890		1,353,890	1,731,330
Total Expenditures	<u>1,353,890</u>	<u>-</u>	<u>1,353,890</u>	<u>1,731,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 377,440</u>	<u>-</u>	<u>377,440</u>	<u>-</u>
<u>Additional Project Information</u>				
Project Number		2550-050-05-1000		
Grant Date		4/18/05		
Bond Authorization Date		3/8/05		
Bonds Authorized		\$1,187,000		
Bonds Issued		1,187,000		
Original Authorized Cost		1,978,873		
Additional Authorized Cost		-		
Revised Authorized Cost		1,731,330		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		77%		
Original Target Completion Date		Nov. 05		
Revised Target Completion Date		Nov. 10		

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

LAVALLETTE SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2015

	<u>Student Activity</u>	<u>Net Salary</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2015</u>
Assets:					
Cash and Cash Equivalents	\$ 29,038	4	9,398	38,572	77,012
Total Assets	<u>\$ 29,038</u>	<u>4</u>	<u>9,398</u>	<u>38,572</u>	<u>77,012</u>
Liabilities and Fund Balances:					
Liabilities:					
Due to Student Groups	\$ 29,038				29,038
Payroll Withholdings and Deductions		4	9,398		9,402
Total Liabilities	<u>\$ 29,038</u>	<u>4</u>	<u>9,398</u>	<u>-</u>	<u>38,440</u>
Net Position:					
Reserved - Unemployment Benefits				38,572	38,572
Total Net Position				<u>38,572</u>	<u>38,572</u>

LAVALLETTE SCHOOL DISTRICT

EXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGES

IN FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Interest on Investments	\$ 48
Employee Contributions	3,012
Total Additions	<u> 3,060</u>
Deletions:	
Claims Paid	<u> </u>
Change in Net Assets	3,060
Net Position - Beginning of Year	<u> 35,512</u>
Net Position - End of the Year	<u><u> \$ 38,572</u></u>

LAVALLETTE SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

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>
Elementary School: Lavallette Elementary	\$ 23,994	33,204	28,160	29,038

LAVALLETTE SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 32,338</u>	<u>1,293,245</u>	<u>1,316,185</u>	<u>9,398</u>
Total Assets	<u><u>\$ 32,338</u></u>	<u><u>1,293,245</u></u>	<u><u>1,316,185</u></u>	<u><u>9,398</u></u>
Liabilities:				
Payroll Deductions, Withholdings	<u>\$ 32,338</u>	<u>1,293,245</u>	<u>1,316,185</u>	<u>9,398</u>
Total Liabilities	<u><u>\$ 32,338</u></u>	<u><u>1,293,245</u></u>	<u><u>1,316,185</u></u>	<u><u>9,398</u></u>

LONG-TERM DEBT - I

LAVALLETTE SCHOOL DISTRICT
GENERAL LONG-TERM DEBT GROUP
STATEMENT OF SERIAL BONDS

Exhibit I-1

JUNE 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Various School Projects	8/6/99	\$ 600,000				\$ 40,000	40,000	-
Various School Projects	3/8/05	1,187,000	2/1/16-23	\$ 60,000	4.10%	660,000	60,000	600,000
			2/1/24	60,000	4.13%			
			2/1/25	60,000	4.20%			
						<u>\$ 700,000</u>	<u>100,000</u>	<u>600,000</u>

LAVALLETTE SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2015

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2015</u>
Copiers - 09/10	5%	\$ 20,487	\$ 794		794	-
Copiers - 10/11	5%	11,914	3,126		2,665	461
Copiers - 14/15	5%	36,019	-	36,019	5,237	30,782
			<u>\$ 3,920</u>	<u>36,019</u>	<u>8,696</u>	<u>31,243</u>

LAVALLETTE 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	\$ 115,860		115,860	115,860	-
State Sources:					
Debt Service Aid	12,305		12,305	12,305	-
Total Revenues	<u>128,165</u>	<u>-</u>	<u>128,165</u>	<u>128,165</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	28,165		28,165	28,165	-
Redemption of Principal	100,000		100,000	100,000	-
Total Expenditures	<u>128,165</u>	<u>-</u>	<u>128,165</u>	<u>128,165</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1					
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

**Lavallette Borough Board of Education
Net Position by Component,
Last Three Fiscal Years**

J-1

(accrual basis of accounting)

	Fiscal Year Ending June 30,		
	2013	2014	2015
Governmental activities			
Invested in capital assets, net of related debt	\$ 3,784,319	\$ 3,000,708	\$ 2,848,956
Restricted	1,134,419	1,367,088	1,747,978
Unrestricted	116,361	240,675	(343,195)
Total governmental activities net position	\$ 5,035,099	\$ 4,608,471	\$ 4,253,739
Business-type activities			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	(39,464)	(36,404)	(36,334)
Total business-type activities net position	\$ (39,464)	\$ (36,404)	\$ (36,334)
District-wide			
Invested in capital assets, net of related debt	\$ 3,784,319	\$ 3,000,708	\$ 2,848,956
Restricted	1,134,419	1,367,088	1,747,978
Unrestricted	76,897	204,271	(379,529)
Total district net position	\$ 4,995,635	\$ 4,572,067	\$ 4,217,405

Source: CAFR Schedule A-1

Lavallette Borough Board of Education
Changes in Activities, Last Three Fiscal Years
(accrual basis of accounting)

J-2

	Fiscal Year Ending June 30,		
	2013	2014	2015
Expenses			
Governmental activities			
Instruction			
Regular	\$ 1,074,466	\$ 1,062,368	\$ 1,087,849
Special education	339,087	279,505	214,237
Other instruction	64,116	105,816	182,149
Support Services:			
Tuition	957,271	992,209	719,961
Student & instruction related services	342,312	343,973	335,164
School administrative services	257,968	248,824	221,413
Plant operations and maintenance	206,994	271,779	263,967
Pupil transportation	71,294	86,935	134,997
Unallocated benefits	776,099	785,193	812,176
Interest on long-term debt	28,666	21,505	26,282
Depreciation	330,257	335,868	352,890
Total governmental activities expenses	<u>4,448,530</u>	<u>4,533,975</u>	<u>4,351,085</u>
Business-type activities:			
Food service	65,685	41,601	45,292
Total business-type activities expense	<u>65,685</u>	<u>41,601</u>	<u>45,292</u>
Total district expenses	<u>\$ 4,514,215</u>	<u>\$ 4,575,576</u>	<u>\$ 4,396,377</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Instruction (tuition)	\$ 148,727	\$ 155,490	\$ 193,281
Student & instruction related services			
Business and other support services			
Operating grants and contributions	133,792	105,945	73,553
Capital grants and contributions			
Total governmental activities program revenues	<u>282,519</u>	<u>261,435</u>	<u>266,834</u>
Business-type activities:			
Charges for services			
Food service	7,599	18,562	27,334
Operating grants and contributions	35,820	13,160	11,528
Total business type activities program revenues	<u>43,419</u>	<u>31,722</u>	<u>38,862</u>
Total district program revenues	<u>\$ 325,938</u>	<u>\$ 293,157</u>	<u>\$ 305,696</u>

Net (Expense)/Revenue

Lavallette Borough Board of Education
Changes in Activities, Last Three Fiscal Years
(accrual basis of accounting)

J-2

	Fiscal Year Ending June 30,		
	2013	2014	2015
Governmental activities	\$ (4,166,011)	\$ (4,272,540)	\$ (4,084,251)
Business-type activities	(22,266)	(9,879)	(6,430)
Total district-wide net expense	<u>\$ (4,188,277)</u>	<u>\$ (4,282,419)</u>	<u>\$ (4,090,681)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Property taxes levied for general purposes, net	\$ 3,572,526	\$ 3,580,976	\$ 3,600,931
Taxes levied for debt service	123,664	119,762	115,860
Unrestricted grants and contributions	532,075	554,992	521,611
Tuition received			
Investment earnings	458	1,868	2,247
Cancel Receivable			
Miscellaneous income	11,944	45,452	32,852
Transfers	(24,450)	(12,900)	(6,500)
Total governmental activities	<u>4,216,217</u>	<u>4,290,150</u>	<u>4,267,001</u>
Business-type activities:			
Investment earnings	16	9	
Miscellaneous income			
Cancel payable			
Transfers	24,450	12,900	6,500
Total business-type activities	<u>24,466</u>	<u>12,909</u>	<u>6,500</u>
Total district-wide	<u>\$ 4,240,683</u>	<u>\$ 4,303,059</u>	<u>\$ 4,273,501</u>
Change in Net Activities			
Governmental activities	\$ 50,206	\$ 17,610	\$ 182,750
Business-type activities	2,200	3,030	70
Total district	<u>\$ 52,406</u>	<u>\$ 20,640</u>	<u>\$ 182,820</u>

Source: CAFR Schedule A-2 Does not include restatement for pension

Lavallette Borough Board of Education
Fund Balances, Governmental Funds,
Last Three Fiscal Years
(modified accrual basis of accounting)

J-3

	Fiscal Year Ending June 30,		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund			
Reserved	\$ 767,218	\$ 999,887	\$ 1,452,488
Unreserved	257,992	240,675	242,448
Total general fund	<u>\$ 1,025,210</u>	<u>\$ 1,240,562</u>	<u>\$ 1,694,936</u>
All Other Governmental Funds			
Reserved	\$ 367,201	\$ 367,201	\$ 367,201
Unreserved, reported in:			
Special revenue fund	-	-	-
Capital projects fund	-	-	-
Debt service fund	-	-	-
Total all other governmental funds	<u>\$ 367,201</u>	<u>\$ 367,201</u>	<u>\$ 367,201</u>

Source: CAFR Schedule B-1

Lavallette Borough Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years

J-4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 2,862,908	\$ 2,946,403	\$ 3,057,182	\$ 3,173,373	\$ 3,291,058	\$ 3,652,820	\$ 3,682,492	\$ 3,696,190	\$ 3,700,738	\$ 3,716,791
Tuition charges	70,710	73,710	72,768	76,824	100,440	169,991	172,408	148,727	155,490	193,281
Interest earnings	30,646	29,284	6,528	2,959	388	173	91	458	1,868	2,247
Miscellaneous		2,461	24,149	4,055	12,437	9,825	10,625	49,238	75,681	34,724
State sources	497,723	569,434	594,982	479,899	462,000	361,485	447,207	532,075	491,992	521,611
Federal sources	66,210	69,810	64,410	62,288	132,898	81,393	87,666	96,498	138,716	71,681
Total revenue	3,528,197	3,691,102	3,820,019	3,799,398	3,999,221	4,275,687	4,400,489	4,523,186	4,564,485	4,540,335
Expenditures										
Instruction										
Regular Instruction	900,677	890,949	930,909	955,955	1,040,914	1,077,059	1,093,759	1,074,446	1,062,368	1,087,849
Special education instruction	136,891	225,685	214,449	234,793	214,776	164,033	215,431	339,087	279,505	214,237
Other instruction	75,763	84,119	62,086	54,889	50,183	98,067	80,809	53,964	105,816	117,020
Community services	1,492	2,309	6,112	8,222		3,081	3,533	10,152		65,129
Support Services:										
Tuition	651,438	882,070	770,742	1,022,513	978,737	1,133,747	958,509	957,271	992,209	719,961
Student & instruction related services	241,746	256,779	293,643	230,368	311,156	282,728	331,541	342,312	343,973	335,164
Support services School Administration	215,866	199,329	214,322	211,443	219,896	277,054	250,121	257,968	248,824	221,413
Plant operations and maintenance	182,682	189,055	200,647	205,607	204,412	230,171	227,522	206,994	271,779	263,967
Pupil Transportation	161,388	176,653	122,949	132,875	152,439	109,294	113,888	71,294	86,935	134,997
Unallocated employee benefits	511,997	615,460	670,603	585,733	611,509	709,760	743,966	820,919	772,814	773,823
Capital outlay	297,001	49,905	75,745	5,237	15,229	12,490	6,548	8,971	39,324	17,736
Debt service:										
Principal	95,000	95,000	97,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Interest and other charges	64,097	63,885	59,625	55,285	50,765	46,245	41,725	37,205	32,685	28,165
Total expenditures	3,536,038	3,731,198	3,718,832	3,802,920	3,950,016	4,243,729	4,167,352	4,280,583	4,336,232	4,079,461
Excess (Deficiency) of revenues over (under) expenditures	(7,841)	(40,096)	101,187	(3,522)	49,205	31,958	233,137	242,603	228,253	460,874
Other Financing sources (uses)										
Costs related to Sandy								(56,154)		
Recoveries related to Sandy								56,154		
State grants										
Bond proceeds										
Accounts Receivable cancelled		(262,630)	(25,000)							
Adjustment of fund balance					(13,074)					
Transfers in										
Transfers out	(6,941)	(18,559)	(45,000)	(8,119)	(31,187)	(33,006)	(15,000)	(24,450)	(12,900)	(6,500)
Total other financing sources (uses)	(6,941)	(281,189)	(70,000)	(8,119)	(44,261)	(33,006)	(15,000)	(24,450)	(12,900)	(6,500)
Net change in fund balances	\$ (14,782)	\$ (321,285)	\$ 31,187	\$ (11,641)	\$ 4,944	\$ (1,048)	\$ 218,137	\$ 218,153	\$ 215,353	\$ 454,374
Debt service as a percentage of noncapital expenditures										
	4.9%	4.3%	4.3%	4.1%	3.8%	3.5%	3.4%	3.2%	3.1%	3.2%

Source: CAFR Schedule B-2

LAVALLETTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2006	30,146	70,710	500	\$ 101,356
2007	29,284	73,710	1,961	\$ 104,955
2008	19,828	72,768	349	\$ 92,945
2009	2,520	76,824	3,555	\$ 82,899
2010	388	100,440	10,261	\$ 111,089
2011	173	169,991	7,832	\$ 177,996
2012	91	172,408	10,625	\$ 183,124
2013	458	148,727	49,238	\$ 198,423
2014	1,868	155,490	75,681	\$ 233,039
2015	2,247	193,231	32,077	\$ 227,555

Source: District Records

Lavallette Borough Board of Education
 Assessed Value and Actual Value of Taxable Property,
 Last Five Fiscal Years

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	24,923,400	1,795,321,900	-	-	38,964,860	-	4,843,100	1,864,053,260	41,571,700		1,905,624,960	0.188	2,302,623,067
2012	18,391,000	1,813,383,150			38,833,660		4,843,100	1,875,450,910	40,634,200		1,877,320,947	0.196	2,269,502,866
2013	18,391,000	1,779,166,450			37,562,360		4,204,600	1,839,324,410	40,634,200		1,879,958,610	0.201	2,130,254,413
2014	21,925,500	1,777,897,250			37,956,060		4,843,100	1,842,621,910	40,629,200		1,883,251,110	0.202	2,076,248,298
2015	19,257,200	1,790,789,750			37,959,760		4,843,100	1,852,849,810	40,629,200		1,893,479,010	0.191	2,008,291,578

Sources: Ocean County Abstract of Ratables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Lavallette Borough Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Lavallette Borough Board of Education			Overlapping Rate		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Lavallette Borough	Ocean County	
2006	0.154	0.008	0.162	0.229	0.361	0.752
2007	0.157	0.008	0.165	0.240	0.388	0.793
2008	0.162	0.008	0.170	0.257	0.411	0.838
2009	0.167	0.008	0.175	0.258	0.411	0.844
2010	0.173	0.008	0.181	0.260	0.423	0.864
2011	0.188	0.008	0.196	0.260	0.423	0.879
2012	0.198	0.007	0.204	0.267	0.439	0.902
2013	0.195	0.007	0.201	0.267	0.453	0.921
2014	0.195	0.006	0.201	0.272	0.460	0.933
2015	0.187	0.004	0.191	0.286	0.452	0.929

Source: District Records and Ocean County Abstract of Ratables

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Lavallette Borough Board of Education
Principal Property Tax Payers,
One and Ten Years Ago

J-8

Taxpayer	2014			2004		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Giant Realty, LLC	11,307,800	1	0.60%	1,829,400	9	0.10%
Herbert & Gerogiana Minks	5,808,900	2	0.31%			
Little Giant, LLC	4,496,000	3	0.24%			
Lavallette Yacht Club	3,484,900	4	0.18%	3,484,900	1	0.19%
Donlad N. Dinallo	3,115,100	5	0.16%			
Louise-C, Inc.	2,852,400	6	0.15%	1,971,300	6	0.11%
Joseph Pesci	2,402,100	7	0.13%	2,472,300	3	0.14%
James & Sharon Maida	2,219,500	8	0.12%	1,956,200	7	0.11%
Donlad & Lisa Storms	2,023,700	9	0.11%	2,023,700	4	0.11%
Tradewinds Motor Lodge	1,976,900	10	0.10%			
Verizon-NJ				2,526,340	2	0.14%
Kay's Bakery, Inc.				1,976,900	5	0.11%
Clemente & Margaret Liccardi				1,897,500	8	0.10%
Donald Friccione				1,811,400	10	0.10%
Kay's Bakery, Inc						
Total	<u>\$ 39,687,300</u>		<u>2.10%</u>	<u>\$ 21,949,940</u>		<u>1.21%</u>
Total Net Assessment	<u>\$ 1,893,479,010</u>			<u>\$ 1,816,970,573</u>		

Source: District CAFR & Municipal Tax Assessor

**Lavallette Borough Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	2,625,911	2,625,911	100.00%	-
2006	2,869,453	2,869,453	100.00%	-
2007	2,946,403	2,946,403	100.00%	-
2008	3,057,182	3,057,182	100.00%	-
2009	3,173,373	3,173,373	100.00%	-
2010	3,291,058	3,313,072	100.67%	(22,014)
2011	3,682,492	3,682,492	100.00%	
2012	3,696,190	3,696,190	100.00%	
2013	3,700,738	3,700,738	100.00%	
2014	3,716,791	3,716,791	100.00%	

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

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

**Lavallette Borough Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	County Per Capita Income*
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2005	1,587,000	-	12,740	-	-		1,599,740	2.12%	\$ 33,921
2006	1,492,000	-	20,249	-	-		1,512,249	2.38%	\$ 36,037
2007	1,397,000	-	15,446	-	-		1,412,446	2.64%	\$ 37,228
2008	1,300,000	-	10,518	-	-		1,310,518	3.02%	\$ 39,521
2009	1,200,000	-	5,193	-	-		1,205,193		
2010	1,100,000	-	18,369	-	-		1,118,369		
2011	1,000,000	-	23,904	-	-		1,023,904		
2012	900,000	-	17,668	-	-		917,668		
2013	800,000	-	11,012	-	-		811,012		
2014	700,000	-	3,920	-	-		703,920		
2015	600,000	-	31,243	-	-		631,243		

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

* Source-Ocean County Department of Planning

Lavallette Borough Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	1,492,000	-	1,492,000	0.08%	\$ 559.85
2007	1,397,000		1,397,000	0.08%	\$ 524.20
2008	1,300,000		1,300,000	0.07%	\$ 487.80
2009	1,200,000		1,200,000	0.07%	\$ 450.28
2010	1,100,000		1,100,000	0.06%	\$ 412.76
2011	1,000,000		1,000,000	0.06%	\$ 375.23
2012	900,000		900,000	0.05%	\$ 337.71
2013	800,000		800,000	0.04%	\$ 300.19
2014	700,000		700,000	0.04%	\$ 262.66
2015	600,000		600,000	0.03%	\$ 225.14

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

* Data unavailable

Lavallette Borough Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Lavallette Borough	\$ 12,853,982	100.00%	\$ 12,853,982
Lavallette Borough School District Direct Debt			<u>600,000</u>
Total direct and overlapping debt			<u><u>\$ 13,453,982</u></u>

Sources: Lavallette Borough Finance Officer

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis	
	2015	2,008,291,578
	2014	2,076,248,298
	2013	<u>2,130,254,413</u>
	[A]	<u>\$ 6,214,794,289</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,071,598,096
Debt limit (3 % of average equalization)	[B]	62,147,943 ^a
Net bonded school debt	[C]	<u>600,000</u>
Legal debt margin	[B-C]	<u>\$ 61,547,943</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 51,586,192	\$ 53,735,861	\$ 55,596,380	72,303,183	72,493,822	71,384,787	68,943,470	67,023,803	64,780,056	62,147,943
Total net debt applicable to limit	<u>1,492,000</u>	<u>1,397,000</u>	<u>1,300,000</u>	<u>1,200,000</u>	<u>1,100,000</u>	<u>1,000,000</u>	<u>900,000</u>	<u>800,000</u>	<u>700,000</u>	<u>600,000</u>
Legal debt margin	<u>\$ 50,094,192</u>	<u>\$ 52,338,861</u>	<u>\$ 54,296,380</u>	<u>\$ 71,103,183</u>	<u>\$ 71,393,822</u>	<u>\$ 70,384,787</u>	<u>\$ 68,043,470</u>	<u>\$ 66,223,803</u>	<u>\$ 64,080,056</u>	<u>\$ 61,547,943</u>
Total net debt applicable to the limit as a percentage of debt limit	2.89%	2.60%	2.34%	1.66%	1.52%	1.40%	1.31%	1.19%	1.08%	0.97%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Lavallette Borough Board of Education
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Exhibit J-14

Year	Population **	County Per Capita Personal Income *	State of NJ Unemployment Rate
1997	2,402	\$ 26,179	4.8%
1998	2,407	27,511	
1999	2,406	28,136	
2000	2,665	30,332	3.5%
2001		31,344	3.5%
2002		31,843	4.8%
2003		32,279	5.1%
2004		33,558	5.5% ***
2005		34,509	4.9% ***
2006			4.6% ***
2010	1,875		

* Source: N. J. Department of Labor Statistics, April 2007

** Source: US Bureau of the Census, Population Division 10/00 and Census 2000 Data for NJ General Demographic Profile

*** US Department of Labor, Bureau of Statistics,

**Lavallette Borough Board of Education
Principal Employers,
Current Year**

J-15

Borough of Lavallette

Crab's Claw Inn

Lavallette Board of Education

Diane Turton Realtors

Remax Realtors

Crossroads Realtors

Birchler Realtors

Schlosser Real Estate

B & B Department Store

Rite Aid

Source: Borough of Lavallette

Lavallette Borough Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

J-16

<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	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Special education	3.6	4.6	4.6	4.6	5.6	5.6	6.1	6.1	6.1	6.1
Support Services:										
Student & instruction related services	4.9	4.9	4.9	4.9	5.7	5.7	6.1	6.1	6.1	6.1
General administrative services	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
School administrative services	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Business administrative services	1.0	1.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Plant operations and maintenance	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Food Service	1.4	1.4	1.4	1.4	1.4	1.4	1.4	0.4	0.4	0.4
Total	<u>27.9</u>	<u>28.9</u>	<u>29.3</u>	<u>29.3</u>	<u>31.1</u>	<u>31.1</u>	<u>32.0</u>	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>

Source: District Personnel Records

Lavallette Borough Board of Education
 Operating Statistics
 Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil (c)	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE) b	Average Daily Attendance (ADA) b	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	143	2,893,443	14,246		20	1:7.1	141.3	133.0	-1.602%	94.13%
2007	141	3,448,537	15,116	6.11%	21	1:6.9	141.3	132.7	0.000%	93.91%
2008	148	3,469,988	15318	1.34%	21	1:7.0	148.4	139.3	5.025%	93.87%
2009	138	3,581,255	15358	0.26%	21	1:6.6	139.6	131.1	-5.930%	93.91%
2010	148	3,799,251			21	1:7	148.6	139.7	6.447%	94.01%
2011	167	4,047,104			19	1:7	167.2	156.9	12.517%	93.84%
2012	166	4,025,627			19	1:7.9	166.1	157.4	-0.658%	94.76%
2013	146	4,143,378			19	1:7	145.9	136.3	-12.161%	93.42%
2014	137	4,336,222			19	1:7	136.1	129.0	-6.717%	94.81%
2015	138	4,079,461			19	1:7	138.2	131.2	1.572%	94.91%

Sources: District records, School Register Summary 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 Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- c based on NJ School Report card data

Lavallette Borough Board of Education
 School Building Information
 Last Ten Fiscal Years

J-18

<u>District Building</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>
Lavallette Elementary School (19856, 1982)										
Square Feet	20,900	20,900	20,900	20900	20900	20900	20900	20900	20900	20900
Capacity (students)	217	217	217	217	217	217	217	217	217	217
Enrollment	143	141	148	138	148	167	166	146	137	138

Source: District records, ASSA

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

LAVALLETTE BOROUGH SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST FIVE YEARS CALCULATIONS
 UNAUDITED

J-19

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

Gross Building Area 30,645
 Required annual maintenance \$8,764

School Facilities	2015	2014	2013	2012	2011
Lavallette Elementary	\$ 8,764	\$ 24,953	\$ 40,741	\$ 26,034	\$ 39,811
Total School Facilities	<u>\$ 8,764</u>	<u>\$ 24,953</u>	<u>\$ 40,741</u>	<u>\$ 26,034</u>	<u>\$ 39,811</u>

Source: Schedule M-1

LAVALLETTE SCHOOL DISTRICT

Insurance Schedule

June 30, 2015 - Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building and Contents	\$6,400,000	\$1,000
Comprehensive General Liability	\$1,000,000	
Commercial Auto Liability	\$1,000,000	
EDP Hardware & software	\$350,000	\$ 1,000/Theft
Boiler and Machinery	\$100,000,000	\$ 1,000/PD
Crime: Faithful Performance	\$25,000	500
Commercial Umbrella Liability - NJSBAIG	\$11,000,000	\$10,000
Flood Insurance-Selective Insurance Company		
Building	\$500,000	\$1,000
Contents	\$500,000	\$1,000
Workers' Compensation Policy – NJSBAIG	\$2,000,000	
Supplemental Worker's Compensation –Life Insurance Co of NA	up tp \$2,500 per week	
School Leaders' Errors and Omissions - NJSBAIG	\$6,000,000	\$ 5,000/claim
Student and Athletic Accident Insurance – Peoples Benefit Life	\$1,000,000	
Bond - Public Official (Treasurer of School Monies) - NJSBAIG	\$148,142	\$1,000
Bond- Public Official (Board Secretary) - NJSBAIG	\$148,142	\$1,000

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:
(732) 280-8888
e-mail:
rah@monmouth.com

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

**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
Lavallette School District
County of Ocean
Lavallette, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lavallette Board of Education, County of Ocean, 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 Lavallette Board of Education, County of Ocean, 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 Lavallette Board of Education, County of Ocean, 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 Lavallette Board of Education, County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lavallette Board of Education, County of Ocean, 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 Lavallette Board of Education, County of Ocean, 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

LAVALLETTE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule A
K-3

Federal Grantor/Pass- Through Grantor/Program Title <u>U.S. Department of Education</u> <u>Passed-Through State Department</u> <u>of Education</u>	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014					Repayment of Prior Years Balances	Balance at June 30, 2015					
						Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Deferred Revenue	Due to Grantor			
Special Revenue Fund: I.D.E.A.:																	
Basic	84.027	N/A	\$ 40,315	9/1/2014	8/31/2015	\$ -			40,315	(40,315)							
Preschool	84.173	N/A	1,028	9/1/2014	8/31/2015				1,028	(1,028)							
No Child Left Behind:																	
Title I	84.010A	N/A	20,542	9/1/2014	8/31/2015				20,542	(20,542)							
Title IIa	84.367	N/A	9,796	9/1/2014	8/31/2015				9,796	(9,796)							
Total Special Revenue						-	-	-	71,681	(71,681)	-	-	-	-	-	-	-
<u>U.S. Department of Agriculture</u> <u>Passed Through State Department</u> <u>of Education</u>																	
National School Lunch Program	10.555	N/A	9,831	7/1/2014	6/30/2015				9,290	(9,831)			(541)				
School Breakfast Program	10.553	N/A	708	7/1/2014	6/30/2015				668	(708)			(40)				
School Lunch Program - HHFKA	10.555	N/A	341	7/1/2013	6/30/2014	(41)			41								
School Lunch Program - HHFKA	10.555	N/A	561	7/1/2014	6/30/2015				528	(561)			(33)				
National School Lunch Program	10.555	N/A	12,365	7/1/2013	6/30/2014	(905)			905								
Total Enterprise Fund						(946)	-	-	11,432	(11,100)	-	(614)	-	-	-	-	-
Total Federal Financial Assistance						\$ (946)	-	-	83,113	(82,781)	-	(614)	-	-	-	-	-

See accompanying Notes to Schedules of Financial Assistance.

LAVALLETTE SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2015

Schedule B
K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance at June 30, 2015			MEMO		
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Special Education Aid	15-495-034-5120-089	\$ 91,536	7/1/2014	6/30/2015	\$ -			91,536	(91,536)					(9,154)	91,536	
Security Aid	15-495-034-5120-084	15,820	7/1/2014	6/30/2015				15,820	(15,820)					(1,582)	15,820	
Adjustment Aid	15-495-034-5120-085	4,798	7/1/2014	6/30/2015				4,798	(4,798)					(480)	4,798	
Transportation Aid	15-495-034-5120-014	59,948	7/1/2014	6/30/2015				59,948	(59,948)					(5,997)	59,948	
Extraordinary Aid	15-495-034-5120-044	20,659	7/1/2014	6/30/2015								(20,659)			20,659	
Extraordinary Aid	14-495-034-5120-044	29,620	7/1/2013	6/30/2014	(29,620)			29,620								
Non-Public Transportation Aid	15-495-034-5120-014	1,044	7/1/2014	6/30/2015					(1,044)			(1,044)			1,044	
Non-Public Transportation Aid	14-495-034-5120-014	2,703	7/1/2013	6/30/2014	(2,703)			2,703								
PARCC Readiness Aid	15-495-034-5120-098	1,170	7/1/2014	6/30/2015				1,170	(1,170)					(117)	1,170	
Per Pupil Growth Aid	15-495-034-5120-087	1,170	7/1/2014	6/30/2015				1,170	(1,170)					(117)	1,170	
Reimbursed TPAF Social Security	15-100-034-5095-002	105,767	7/1/2014	6/30/2015				100,315	(105,767)			(5,454)			105,767	
Reimbursed TPAF Social Security	14-100-034-5095-002	112,656	7/1/2013	6/30/2014	(11,255)			11,255								
Total General Fund					(43,578)	-	-	318,335	(301,912)	-		(27,157)	-	-	(17,447)	301,912
Debt Service:																
Debt Service Aid Type II	15-495-034-5120-017	12,305	7/1/2014	6/30/2015				12,305	(12,305)							12,305
State Department of Agriculture																
Enterprise Fund:																
School Lunch Program (State Share)	15-100-010-3360-023	415	7/1/2014	6/30/2015				391	(415)			(24)				415
School Lunch Program (State Share)	14-100-010-3360-023	454	7/1/2013	6/30/2014	(31)			31								
					(31)	-	-	422	(415)	-		(24)	-	-	-	415
Total State Financial Assistance					\$ (43,609)	-	-	331,062	(314,632)	-		(27,181)	-	-	(17,447)	314,632

See accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

LAVALLETTE 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, Lavallette 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>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 301,912	12,305	415	314,632
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	207,628			207,628
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>(234)</u>	_____	_____	<u>(234)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 509,306</u>	<u>12,305</u>	<u>415</u>	<u>522,026</u>

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

	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 71,681	11,100	82,781
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>\$ 71,681</u>	<u>11,100</u>	<u>82,781</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.