

SOUTHERN LEHIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2014

SOUTHERN LEHIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2014

CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	11
Statement of Activities	12 - 13
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	18
Statement of Net Position - Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Statement of Net Position - Fiduciary Funds	22
Statement of Changes in Net Position - Fiduciary Funds	23
Notes to Financial Statements	24 - 42
Required Supplementary Information	
Schedule of Funding Progress - Postemployment Benefits Plan	43

SOUTHERN LEHIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2014

CONTENTS (Continued)

	<u>Page(s)</u>
Supplementary Information Required by OMB Circular A-133	
Schedule of Expenditures of Federal Awards	44 - 45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47 - 48
Independent Auditors' 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	49 - 50
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	51 - 53
Other Supplementary Information	
Schedule of Receipts and Disbursements - Activity Fund Accounts	54

FRANCE, ANDERSON, BASILE and COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

903 Chestnut Street
Emmaus, Pennsylvania 18049

610-967-1200 Phone
610-966-6669 Fax
www.fabandco.com

INDEPENDENT AUDITORS' REPORT

To the Board of School Directors
Southern Lehigh School District
Center Valley, Pennsylvania

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 Southern Lehigh School District as of and for the year ended June 30, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' 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 Southern Lehigh School District as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern Lehigh School District basic financial statements. The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is 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 is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27 2015, on our consideration of Southern Lehigh School District's internal control over financial reporting and on our test 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 District's internal control over financial reporting and compliance.

Francis Anderson, Brundage and Langrey, P.C.

Emmaus, Pennsylvania
January 27, 2015

SOUTHERN LEHIGH SCHOOL DISTRICT
Management Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014

The discussion and analysis of Southern Lehigh School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2014. The intent of the discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013-2014 are as follows:

- o Total net position is \$14,389,356. Net position of governmental activities is \$13,594,596. Net position of business activities is \$794,760.
- o Total revenues are \$56,762,949. Governmental revenue is \$55,545,572 and business activity revenue is \$1,217,377.
- o Total expenses are \$56,544,528. Governmental expenses are \$55,299,026
- o Business activity expenses are \$1,245,502. Total governmental revenue exceeded total governmental expenses largely due to current economic conditions.
- o At the end of the current fiscal year (2013-2014), the General Fund balance has increased \$1,941,627.
- o Comparative analysis of key financial data on a year-to-year basis is located at the end of the report.

Using the Annual Report

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

The balance sheet is a financial statement that summarizes the School District's assets, liabilities and equity. It provides a "snapshot" of the District's financial position. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. In the case of Southern Lehigh School District, the general fund is by far the most significant fund.

SOUTHERN LEHIGH SCHOOL DISTRICT
Management Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014

Reporting the School District as a Whole

Government-Wide Financial Statements

While these documents contain the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013-2014?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's demographics, student enrollment, facility conditions, required educational programs and other factors.

The School District's statements are divided into two distinct kinds of activities:

- Governmental Activities –The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities –These services are provided on a charge for goods basis to recover the expenses of the goods provided. The School District Food Service is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds, which begins on page 14, is the general fund and the capital projects fund. Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a multitude of financial transactions.

SOUTHERN LEHIGH SCHOOL DISTRICT

Management Discussion and Analysis (MD&A)

For the Year Ended June 30, 2014

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are adequate financial resources that can be spent in the near future to finance the basic mission of the School District.

Proprietary Funds - Proprietary/business type funds reflect our operations of Food Services. (See page 19) A loss in fund net position of \$28,125 in the 2013-2014 fiscal year is primarily a result of increases in salaries and food costs. With the fiscal year's ended 2007-2008 and 2008-2009 the losses were as follows \$32,090 and \$120,521 respectively. In 2009-10 and 2010-11 an increase in net position suggests proper steps are being taken to ensure profitability. In the 2011-12 and 2012-13 the Food Service Fund was self-supporting. The loss in 2013-14 means measures need to be taken to reduce costs or increase the student meal cost in order to stay self-supporting.

Governmental Activities

The School District's reliance on state and federal grants and local tax revenues is apparent. A decrease in state and federal revenues would have a direct impact on the level of local revenue needed to meet program expenses.

The School District's program revenues were:

REVENUE	General Fund	Capital Projects	Other	Total
			Governmental Funds	Governmental Funds
Local sources	79.2%	100.0%	0.0%	79.2%
State sources	20.4%	0.0%	0.0%	20.4%
Federal sources	0.4%	0.0%	0.0%	0.4%
Total revenue	100.0%	100.0%	0.0%	100.0%

The School District's expenses were:

EXPENDITURES	General Fund	Capital Projects	Other	Total
			Governmental Funds	Governmental Funds
Instruction	53.7%	0.0%	0.0%	51.8%
Support services	33.2%	0.0%	0.0%	32.0%
Non-instructional services	2.2%	2.2%	0.0%	2.2%
Capital outlay	0.0%	97.1%	0.0%	3.4%
Debt service	10.9%	.7%	0.0%	10.6%
Total expenditures	100.0%	100.0%	0.0%	100.00%

SOUTHERN LEHIGH SCHOOL DISTRICT
Management Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014

Business-Type Activities

The School District's sole business-type activity is Food Service. This program had operating revenue of \$885,937, non-operating revenue of \$331,440, and operating expenses of \$1,245,502 for a loss in net position of \$28,125. While these activities receive no support from local tax revenues, these programs received federal and state grant monies of \$330,229 (non-operating revenue), which is increased over the 2012-2013 school year. Without support from the federal and state government these operations would require significant support from local sources.

School District's Governmental Funds

Financial information related to the School Districts major funds (governmental fund) starts on page 14. The bulk of the activity in the governmental fund occurs in the general fund. (See below) These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$60.4 million and expenditures of \$60.1 million, which includes \$1.9 million in expenditures from the Capital Project Fund.

General Fund Budget Highlights

The revenue budget was \$54.4 million. Actual revenue exceeded the budgeted by \$1,040,787. Real estate taxes and state sources exceeded the budget by \$1,150,644, and federal sources were \$109,857 less than budgeted.

The expenditure budget was \$54.9 million compared to actual expenditures of \$53.3 million. Salaries and benefits from staff retirements, resignations and temporary vacancies accounted for the majority of savings. Debt Service costs and the operation and maintenance of plant services also contributed to the savings.

The School District's General Fund's fund balance increased from \$16.86 million to \$18.8 million. (See page 16)

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2013-2014, the School District had 67.6 million invested in land, buildings and equipment. (The amount invested is the historical cost less accumulated depreciation. This amount is strictly for accounting measurements and should not be confused with current/market values.)

SOUTHERN LEHIGH SCHOOL DISTRICT
Management Discussion and Analysis (MD&A)
For the Year Ended June 30, 2014

Debt Administration

At June 30, 2014, the School District's net non-electoral limit for debt (225% of borrowing base) was \$119.7 million. As of July 1, 2013 the School District had outstanding general obligation bonds and leases of \$74,126,043. At year-end June 30, 2014, the School District's net outstanding bonds and leases payable were \$70,390,701.

Concerning the Future

The School District expects to experience a slower growth in both its student population and its tax base. For more than the past decade, the rate of growth in the tax base has exceeded the rate of growth in student population and has generally been double the rate of growth in the student population. It is likely that tax increases will be necessary in future years to pay for the increasing costs associated with salaries, benefits, energy and other areas of the budget. The District will strive to minimize any necessary increases in taxes through sound fiscal management, expansion of the local tax base, planned gradual use of the fund balance and developing innovative alternative sources of funds.

The District will undoubtedly be affected by regional and national economic factors beyond its control.

Contacting the School District's Financial Management

The Management Discussion and Analysis is designed to provide our citizens, taxpayers, and creditors with a general overview of the School District's finances and to show the School District's accountability for the monies it receives. If you have questions about this analysis or need additional financial information, contact Jeremy Melber, Director of Business Services at Southern Lehigh School District, 5775 Main Street, Center Valley, Pennsylvania 18034.

SOUTHERN LEHIGH S.D.
SUPPL. INFO.
YEAR ENDING
JUNE 30, 2014

ANALYSIS OF NET POSITION

	Governmental Activities			Business Activities			Total		
	2013-2014	2012-2013	2011-2012	2013-2014	2012-2013	2011-2012	2013-2014	2012-2013	2011-2012
Current Assets	27,312,028	26,386,996	25,852,801	418,982	382,163	359,749	27,731,010	26,769,159	26,212,550
Noncurrent Assets	67,113,831	69,070,995	70,918,323	443,853	489,364	509,609	67,557,684	69,560,359	71,427,932
Total Assets & Def Outflow of Resources	94,425,859	95,457,991	96,771,124	862,835	871,527	869,358	95,288,694	96,329,518	97,640,482
							-	-	-
Current and other liabilities	10,081,619	9,015,939	9,053,091	44,238	28,906	15,773	10,125,857	9,044,845	9,068,864
Noncurrent liabilities	70,749,644	74,286,230	77,484,122	23,837	19,736	31,651	70,773,481	74,305,966	77,515,773
Total Liabilities	80,831,263	83,302,169	86,537,213	68,075	48,642	47,424	80,899,338	83,350,811	86,584,637
							-	-	-
Net Position									
Invested in capital assets, net of related debt	(3,276,870)	(5,055,048)	(6,622,862)	443,853	489,364	509,609	(2,833,017)	(4,565,684)	(6,113,253)
Capital Projects	2,329,774	3,982,570	4,102,078	-	-	-	2,329,774	3,982,570	4,102,078
Other Restrictions							-	-	-
Unrestricted (deficit)	14,541,692	13,228,300	12,754,695	350,907	333,521	312,325	14,892,599	13,561,821	13,067,020
Net Position	13,594,596	12,155,822	10,233,911	794,760	822,885	821,934	14,389,356	12,978,707	11,055,845
							-	-	-
Total Liab, Def Inflows, & Net Position	94,425,859	95,457,991	96,771,124	862,835	871,527	869,358	95,288,694	96,329,518	97,640,482

SOUTHERN LEHIGH S.D.
SUPPL. INFO.
YEAR ENDING
JUNE 30, 2014

ANALYSIS OF CHANGES IN NET POSITION

	Governmental			Business			Total		
	2013-2014	2012-2013	2011-2012	2013-2014	2012-2013	2011-2012	2013-2014	2012-2013	2011-2012
Revenues and other sources									
Program Revenues:									
Charges for services	249,279	170,689	219,394	885,937	884,981	986,258	1,135,216	1,055,670	1,205,652
Operating grants and contributions	3,555,616	3,396,216	3,282,563	330,229	301,528	285,592	3,885,845	3,699,744	3,568,155
Capital grants and contributions	622,246	658,513	771,761				622,246	658,513	771,761
General Revenues:									
Property & Taxes levied for specific purposes	37,964,170	36,649,562	35,773,953				37,964,170	36,649,562	35,773,953
Other taxes	4,952,458	4,468,999	4,320,094				4,952,458	4,468,999	4,320,094
Grants, subsidies and contributions, unrestricted	7,723,975	7,109,827	6,716,927				7,723,975	7,109,827	6,716,927
Other	419,565	268,913	202,612	1,211	13,807		420,776	282,720	202,612
Total Revenue and other sources	55,487,309	52,724,719	51,287,304	1,217,377	1,200,316	1,271,850	56,704,686	53,925,035	52,559,154
Program expenses and other uses:									
Instruction	32,615,160	29,282,665	31,089,018				32,615,160	29,282,665	31,089,018
Support services									
Instructional student support	5,578,685	5,599,036	5,272,984				5,578,685	5,599,036	5,272,984
Administrative and financial support services	3,340,534	3,174,162	3,282,037				3,340,534	3,174,162	3,282,037
Operations and maintenance of plant services	5,314,650	5,076,164	5,043,451				5,314,650	5,076,164	5,043,451
Pupil transportation	3,889,891	4,006,665	4,046,323				3,889,891	4,006,665	4,046,323
Non-instruction services									
Student activities	1,261,069	1,260,843	977,372				1,261,069	1,260,843	977,372
Community services									
Interest on long-term debt	2,048,546	2,403,273	3,087,973				2,048,546	2,403,273	3,087,973
Unallocated depreciation expense									
Food services				1,245,502	1,199,365	1,176,458	1,245,502	1,199,365	1,176,458
Total Expenses	54,048,535	50,802,808	52,799,158	1,245,502	1,199,365	1,176,458	55,294,037	52,002,173	53,975,616
Increase (decrease) in net position	1,438,774	1,921,911	(1,511,854)	(28,125)	951	95,392	1,410,649	1,922,862	(1,416,462)

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Current Assets:</u>			
Cash and cash equivalents	\$17,279,404	\$ 271,117	\$17,550,521
Investments	6,984,000	0	6,984,000
Taxes receivable	1,557,122	0	1,557,122
Internal balances	(61,992)	61,992	0
Intergovernmental receivables	1,036,823	32,421	1,069,244
Other receivables	247,218	23,613	270,831
Inventories	100,000	29,839	129,839
Prepaid expenses	169,453	0	169,453
Total Current Assets	27,312,028	418,982	27,731,010
<u>Noncurrent Assets:</u>			
Capital assets (net of accumulated depreciation)			
Land	1,563,415	0	1,563,415
Site improvements	431,392	0	431,392
Building & improvements	62,133,476	0	62,133,476
Furniture & equipment	2,985,548	443,853	3,429,401
Total Noncurrent Assets	67,113,831	443,853	67,557,684
Total Assets	94,425,859	862,835	95,288,694
Deferred Outflows of Resources	0	0	0
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Accounts payable	883,652	3,968	887,620
Accrued salaries and benefits	4,042,949	27,053	4,070,002
Payroll withholdings	276,905	4,835	281,740
Accrued interest payable	667,257	0	667,257
Current portion of long-term debt	4,210,856	0	4,210,856
Unearned revenues	0	8,382	8,382
Total Current Liabilities	10,081,619	44,238	10,125,857
<u>Noncurrent Liabilities:</u>			
Compensated absences payable	202,344	23,837	226,181
Lease payable	1,860,445	0	1,860,445
Bonds and notes payable	64,319,400	0	64,319,400
Other postemployment benefits	4,367,455	0	4,367,455
Total Noncurrent Liabilities	70,749,644	23,837	70,773,481
Total Liabilities	80,831,263	68,075	80,899,338
Deferred Inflows of Resources	0	0	0
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	(3,276,870)	443,853	(2,833,017)
Restricted for capital projects	2,329,774	0	2,329,774
Unrestricted	14,541,692	350,907	14,892,599
Total Net Position	\$13,594,596	\$ 794,760	\$14,389,356
	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		<u>Program Revenues</u>		
		Charges for	Operating	Capital
	<u>Expenses</u>	<u>Services</u>	Grants and	Grants and
			<u>Contributions</u>	<u>Contributions</u>
<u>Governmental Activities</u>				
Instruction	\$32,615,160	\$ 79,999	\$1,860,349	\$ 0
Instructional student support	5,578,685	0	64,068	0
Administrative and financial support services	3,340,534	0	0	0
Operation and maintenance of plant services	5,314,650	0	0	0
Pupil transportation	3,889,891	0	1,631,199	0
Student activities	1,261,069	169,280	0	0
Interest on long-term debt	<u>2,048,546</u>	<u>0</u>	<u>0</u>	<u>622,246</u>
Total Governmental Activities	<u>\$54,048,535</u>	<u>\$ 249,279</u>	<u>\$3,555,616</u>	<u>\$ 622,246</u>
 <u>Business-type Activities</u>				
Food service	<u>\$ 1,245,502</u>	<u>\$ 885,937</u>	<u>\$ 330,229</u>	<u>\$ 0</u>
Total Business-type Activities	<u>1,245,502</u>	<u>885,937</u>	<u>330,229</u>	<u>0</u>
Total	<u>\$55,294,037</u>	<u>\$1,135,216</u>	<u>\$3,885,845</u>	<u>\$ 622,246</u>
	=====	=====	=====	=====

Property taxes, levied for general purposes, net
Taxes levied for specific purposes
Grants, subsidies and contributions not
restricted to specific programs
Investment earnings
Miscellaneous income
Transfers between governmental and
business-type activities

Total general revenues and transfers

Change in net assets

Net assets, July 1

Net assets, June 30

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (30,674,812)	0	\$ (30,674,812)
(5,514,617)	0	(5,514,617)
(3,340,534)	0	(3,340,534)
(5,314,650)	0	(5,314,650)
(2,258,692)	0	(2,258,692)
(1,091,789)	0	(1,091,789)
<u>(1,426,300)</u>	<u>0</u>	<u>(1,426,300)</u>
<u>\$ (49,621,394)</u>	<u>\$ 0</u>	<u>\$ (49,621,394)</u>
\$ <u>0</u>	<u>\$ (29,336)</u>	<u>\$ (29,336)</u>
\$ <u>0</u>	<u>(29,336)</u>	<u>(29,336)</u>
<u>\$ (49,621,394)</u>	<u>\$ (29,336)</u>	<u>\$ (49,650,730)</u>
37,964,170	0	37,964,170
4,952,458	0	4,952,458
7,723,975	0	7,723,975
146,501	1,211	147,712
273,064	0	273,064
<u>0</u>	<u>0</u>	<u>0</u>
<u>51,060,168</u>	<u>1,211</u>	<u>51,061,379</u>
1,438,774	(28,125)	1,410,649
<u>12,155,822</u>	<u>822,885</u>	<u>12,978,707</u>
\$ 13,594,596	\$ 794,760	\$ 14,389,356
=====	=====	=====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

<u>ASSETS AND DEFERRED</u> <u>OUTFLOWS OF RESOURCES</u>	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Cash and cash equivalents	\$14,520,234	\$ 2,759,170	\$ 17,279,404
Investments	6,984,000	0	6,984,000
Taxes receivable	1,557,122	0	1,557,122
Intergovernmental receivables	1,036,823	0	1,036,823
Other receivables	247,218	0	247,218
Inventories	100,000	0	100,000
Prepaid expenses	169,453	0	169,453
Total Assets	<u>24,614,850</u>	<u>2,759,170</u>	<u>27,374,020</u>
 Deferred Outflows of Resources	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Total Assets and Deferred Outflows of Resources	 \$24,614,850 =====	 \$ 2,759,170 =====	 \$ 27,374,020 =====
 <u>LIABILITIES, DEFERRED INFLOWS</u> <u>OF RESOURCES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Due to other funds	\$ 61,992	\$ 0	\$ 61,992
Accounts payable	454,256	429,396	883,652
Compensated absences payable	511,065	0	511,065
Accrued salaries and benefits	3,531,884	0	3,531,884
Payroll withholdings	<u>276,905</u>	<u>0</u>	<u>276,905</u>
Total Liabilities	<u>4,836,102</u>	<u>429,396</u>	<u>5,265,498</u>
 Deferred Inflows of Resources	 <u>975,560</u>	 <u>0</u>	 <u>975,560</u>
 <u>Fund Balances:</u>			
Nonspendable	269,453	0	269,453
Restricted	0	2,329,774	2,329,774
Committed	0	0	0
Assigned	14,633,735	0	14,633,735
Unassigned	<u>3,900,000</u>	<u>0</u>	<u>3,900,000</u>
Total Fund Balances	<u>18,803,188</u>	<u>2,329,774</u>	<u>21,132,962</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$24,614,850 =====	 \$ 2,759,170 =====	 \$ 27,374,020 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Total Fund Balances - Governmental Funds	\$ 21,132,962
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$117,867,709 and the accumulated depreciation is \$50,753,878.	67,113,831
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	975,560
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long- term liabilities at year end consist of bonds and notes payable of \$68,291,400, lease payable of \$2,099,301, accrued interest on bonds of \$667,257, compensated absences of \$202,344, and other postemployment benefits of \$4,367,455.	<u>(75,627,757)</u>
Total Net Position - Governmental Activities	\$ 13,594,596 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local sources	\$ 43,897,926	\$ 12,056	\$ 43,909,982
State sources	11,288,456	0	11,288,456
Federal sources	<u>248,978</u>	<u>0</u>	<u>248,978</u>
 Total revenues	 <u>55,435,360</u>	 <u>12,056</u>	 <u>55,447,416</u>
 EXPENDITURES:			
Instruction	28,628,364	0	28,628,364
Support services	17,692,351	0	17,692,351
Noninstructional services	1,160,217	42,284	1,202,501
Capital outlay	0	1,851,739	1,851,739
Debt service	<u>5,855,957</u>	<u>13,114</u>	<u>5,869,071</u>
 Total expenditures	 <u>53,336,889</u>	 <u>1,907,137</u>	 <u>55,244,026</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>2,098,471</u>	 <u>(1,895,081)</u>	 <u>203,390</u>
 OTHER FINANCING SOURCES (USES):			
Refunding bonds issued	0	4,646,400	4,646,400
Transfers in	0	200,000	200,000
Sale of fixed assets	98,156	0	98,156
Debt service - refunded bond issues	0	(4,604,115)	(4,604,115)
Transfers out	<u>(255,000)</u>	<u>0</u>	<u>(255,000)</u>
 Total other financing sources (uses)	 <u>(156,844)</u>	 <u>242,285</u>	 <u>85,441</u>
 Net change in fund balances	 1,941,627	 (1,652,796)	 288,831
 Fund Balances, July 1	 <u>16,861,561</u>	 <u>3,982,570</u>	 <u>20,844,131</u>
 Fund Balances, June 30	 \$ 18,803,188 =====	 \$ 2,329,774 =====	 \$21,132,962 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Governmental Funds	\$	288,831
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$2,451,443 was less than depreciation of \$(4,408,607) in the current year.		(1,957,164)
Some property taxes will not be collected for several months after year end, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount during the year.		(58,263)
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Issuance of notes payable for the year were:		(4,646,400)
The repayment of bonds payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayments of bonds payable and leases for the year were:		8,381,742
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences of \$(163) and the net decrease of accrued interest of \$42,898, and the net increase of other postemployment benefits of (\$612,707).		<u>(569,972)</u>
Change in Net Position of Governmental Activities	\$	1,438,774 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES:				
Local sources	\$ 42,807,189	\$ 42,807,189	\$ 43,897,926	\$ 1,090,737
State sources	11,228,549	11,228,549	11,288,456	59,907
Federal sources	358,835	358,835	248,978	(109,857)
Total revenues	<u>54,394,573</u>	<u>54,394,573</u>	<u>55,435,360</u>	<u>1,040,787</u>
EXPENDITURES:				
Instruction	29,455,475	29,455,362	28,628,364	826,998
Support services	18,452,412	18,424,395	17,692,351	732,044
Noninstructional services	1,140,282	1,168,412	1,160,217	8,195
Capital outlay	0	0	0	0
Debt service	<u>5,869,071</u>	<u>5,869,071</u>	<u>5,855,957</u>	<u>13,114</u>
Total expenditures	<u>54,917,240</u>	<u>54,917,240</u>	<u>53,336,889</u>	<u>1,580,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(522,667)</u>	<u>(522,667)</u>	<u>2,098,471</u>	<u>2,621,138</u>
OTHER FINANCING SOURCES (USES):				
Sale of fixed assets	0	0	98,156	98,156
Transfers out	(276,650)	(276,650)	(255,000)	21,650
Budgetary reserve	<u>(402,873)</u>	<u>(402,873)</u>	<u>0</u>	<u>402,873</u>
Total other financing sources (uses)	<u>(679,523)</u>	<u>(679,523)</u>	<u>(156,844)</u>	<u>522,679</u>
Net change in fund balances	(1,202,190)	(1,202,190)	1,941,627	3,143,817
FUND BALANCES, JULY 1	<u>14,773,494</u>	<u>14,773,494</u>	<u>16,861,561</u>	<u>2,088,067</u>
FUND BALANCES, JUNE 30	\$ 13,571,304	\$ 13,571,304	\$ 18,803,188	\$ 5,231,884
	=====	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	<u>Food Service Fund</u>
<u>ASSETS AND DEFERRED</u>	
<u>OUTFLOWS OF RESOURCES</u>	
<u>Current Assets:</u>	
Cash and cash equivalents	\$ 271,117
Due from other funds	61,992
Intergovernmental receivables	32,421
Other receivables	23,613
Inventories	<u>29,839</u>
 Total Current Assets	 <u>418,982</u>
<u>Noncurrent Assets:</u>	
Furniture and equipment (net)	<u>443,853</u>
 Total Assets	 <u>862,835</u>
 Deferred Outflows of Resources	 <u>0</u>
 Total Assets and Deferred Outflows of Resources	 \$ 862,835 =====
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts payable	\$ 3,968
Accrued salaries and benefits	27,053
Payroll taxes payable	4,835
Unearned revenues	<u>8,382</u>
 Total Current Liabilities	 <u>44,238</u>
<u>Noncurrent Liabilities:</u>	
Compensated absences	<u>23,837</u>
 Total Liabilities	 <u>68,075</u>
 Deferred Inflows of Resources	 <u>0</u>
 <u>NET POSITION</u>	
Invested in capital assets, net of related debt	443,853
Unrestricted	<u>350,907</u>
 Total Net Position	 <u>794,760</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 \$ 862,835 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Food Service Fund</u>
Operating Revenues	
Food service revenue	\$ 885,937
Total Operating Revenues	<u>885,937</u>
Operating Expenses	
Salaries	522,115
Employee benefits	145,510
Purchased technical services	150
Purchased property services	25,361
Other purchased services	1,645
Supplies	484,606
Depreciation	45,512
Dues and fees	<u>20,603</u>
Total Operating Expenses	<u>1,245,502</u>
Operating (Loss)	<u>(359,565)</u>
Nonoperating Revenues	
Earnings on deposits	1,211
State sources	83,141
Federal sources	<u>247,088</u>
Total Nonoperating Revenue	<u>331,440</u>
Income (loss) before contributions and transfers	(28,125)
Transfers in or out	<u>0</u>
Change in Net Position	(28,125)
Net Position, July 1	<u>822,885</u>
Net Position, June 30	\$ 794,960 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Food Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from users	\$ 896,436
Cash payments to employees	(518,014)
Cash payments to suppliers	(480,890)
Cash payments for other operating expenses	(193,269)
Net Cash Used by Operating Activities	<u>(295,737)</u>
 <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
Grants and subsidies received for non-operating activities:	
State	83,141
Federal	247,088
Operating transfers in	<u>0</u>
Net Cash Provided by Non-Capital Financing Activities	<u>330,229</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
None	<u>0</u>
Net Cash Used by Capital and Related Financing Activities	<u>0</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Earnings on deposits	<u>1,211</u>
Net Cash Provided by Investing Activities	<u>1,211</u>
Net Decrease in Cash and Cash Equivalents	35,703
Cash and Cash Equivalents, July 1	<u>235,414</u>
Cash and Cash Equivalents, June 30	\$ 271,117 =====
 <u>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</u>	
Operating (Loss)	\$ (359,565)
Adjustments to reconcile operating (loss) to net cash used by operating activities:	
Depreciation	45,512
(Increase) decrease in accounts receivable	10,499
(Increase) decrease in inventory	(11,615)
Increase (decrease) in accounts payable	3,144
Increase (decrease) in accrued salaries	10,529
Increase (decrease) in payroll taxes payable	1,192
Increase (decrease) in unearned revenue	4,567
Total Adjustments	<u>63,828</u>
Net Cash Used by Operating Activities	\$ (295,737) =====
Non-cash investing, capital, and financing activities	None

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

<u>ASSETS AND DEFERRED OUTFLOWS</u> <u>OF RESOURCES</u>	<u>Private</u> <u>Purpose</u> <u>Trust</u>	<u>Activity</u>	<u>Agency</u>	<u>Post-</u> <u>Employment</u> <u>Benefits</u>	<u>Total</u> <u>Fiduciary</u> <u>Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 64,928	\$ 250,974	\$ 36,968	\$2,358,223	\$2,711,093
Investments	155,190	0	0	0	155,190
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 <u>220,118</u>	 <u>250,974</u>	 <u>36,968</u>	 <u>2,358,223</u>	 <u>2,866,283</u>
 Deferred Outflows of Resources	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 220,118</u> =====	 <u>\$ 250,974</u> =====	 <u>\$ 36,968</u> =====	 <u>\$2,358,223</u> =====	 <u>\$2,866,283</u> =====
 <u>LIABILITIES, DEFERRED INFLOWS</u> <u>OF RESOURCES AND NET POSITION</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 0	\$ 0	\$ 12,431	\$ 0	\$ 12,431
Payroll deductions and withholdings	0	0	24,537	0	24,537
Due to student organizations	<u>0</u>	<u>250,974</u>	<u>0</u>	<u>0</u>	<u>250,974</u>
 Total Liabilities	 <u>0</u>	 <u>250,974</u>	 <u>36,968</u>	 <u>0</u>	 <u>287,942</u>
 Deferred Inflows of Resources	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <u>Net Position:</u>					
Restricted for legal purposes	<u>220,118</u>	<u>0</u>	<u>0</u>	<u>2,358,223</u>	<u>2,578,341</u>
 Total Net Position	 <u>220,118</u>	 <u>0</u>	 <u>0</u>	 <u>2,358,223</u>	 <u>2,578,341</u>
 Total Liabilities and Deferred Inflows of Resources and Net Position	 <u>\$ 220,118</u> =====	 <u>\$ 250,974</u> =====	 <u>\$ 36,968</u> =====	 <u>\$2,358,223</u> =====	 <u>\$2,866,283</u> =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust	Post- Employment Benefits	Total Fiduciary Funds
<u>ADDITIONS TO NET POSITION</u>			
Contributions	\$ 50,451	\$ 0	\$ 50,451
Other additions	<u>55,626</u>	<u>4,755</u>	<u>60,381</u>
Total additions to net position	<u>106,077</u>	<u>4,755</u>	<u>110,832</u>
<u>DEDUCTIONS FROM NET POSITION</u>			
Scholarships awarded	11,050	0	11,050
Other deductions	<u>32,172</u>	<u>0</u>	<u>32,172</u>
Total deductions from net position	<u>43,222</u>	<u>0</u>	<u>43,222</u>
Change in net position	62,855	4,755	67,610
Net Position, July 1	<u>157,263</u>	<u>2,353,468</u>	<u>2,510,731</u>
Net Position, June 30	\$ 220,118 =====	\$2,358,223 =====	\$2,578,341 =====

The accompanying notes are an integral part of the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies

The accounting policies and accompanying financial statements of Southern Lehigh School District (the District) conform to generally accepted accounting principles as applicable to governmental units. The District applies relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Principles Determining Scope of Reporting Entity

The Board of School Directors, a nine member group, has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Southern Lehigh School District, in accordance with an act established by the Commonwealth legislature. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth by GASB Statement 61. The criteria for including a potential component unit within the financial reporting entity is the significance of the potential component unit's operational or financial relationship with the District. Based upon the application of these criteria, there are no component units to be included in the financial reporting entity of the District.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. Substantially all tax revenues, Federal and State aid

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

(except aid restricted for use in the Special Revenue Fund) and other operating revenues are accounted for in the General Fund. This fund also accounts for expenditures and transfers as appropriated in the budget which provides for the District's day-to-day operations.

The Capital Projects Fund accounts for resources used to construct or acquire fixed assets and capital improvements. Resources of the capital projects fund are derived principally from budget transfers, long-term debt proceeds, and investment earnings.

The District reports the following major proprietary fund:

The Food Service Fund is the District's proprietary fund established to account for all revenues, food purchases, costs, and expenses for the food service.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods. The principal operating revenue of the District is the sale of food to students and other related organizations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District also reports the following fund types:

The private purpose trust is used to account for resources legally held in trust to award scholarships to students, and to pay employee benefits for unemployment compensation and vision expenditures. All resources of the fund, including earnings on investments, may be used to support the fund's activities. There is no requirement that any portion of these resources must be preserved as capital.

The agency and activity funds are established to administer resources received and held by the District in a fiduciary capacity for others. Use of these funds facilitates the discharge of responsibilities placed upon the District by virtue of law or other authority. These funds are established to account for the resources of student groups and payroll taxes which is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

The post-employment benefits fund was established to account for resources reserved for the payment of benefits related to GASB 45.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with State law and District procedures, prior to May 31, the District Superintendent and Business Manager submit to the Board of School Directors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year beginning the following July 1. The budget includes proposed expenditures and the means of financing them for the upcoming year. The only legally adopted budget is for the General Fund.
- 2) Public hearings are conducted to obtain taxpayer comment concerning the proposed budget.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
- 4) Each month the administration prepares a detailed budget report. The report cites the past month and year-to-date activity, as well as encumbrances and unencumbered balances by account.
- 5) All modifications, transfers and amendments must be approved by the Board of School Directors.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 7) The budget for the General Fund is adopted substantially on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

Cash and Investments

Statutes allow the District to invest in obligations of the U.S. Treasury and U.S. Agencies, savings accounts or time deposits of institutions insured by FDIC and deposits in excess of insured amounts if collateralized by the depository.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Property Taxes Receivable

The property tax calendar for the fiscal year is as follows:

July 1	-	Levy Date
July 1 to August 31	-	2% Discount Period
September 1 to October 31	-	Face Payment Period
November 1 to December 31	-	10% Penalty Period
January 1	-	Lien Date

The tax rate for the year ended June 30, 2014 was \$15.37 per \$1,000 on a taxable valuation of \$2,449,752,500.

Inventory

Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the individual inventory items are purchased. Inventory of the Food Service Fund is valued at the lower of cost or market. Inventories are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation and Amortization

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the financial statements.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

Capital Assets, Depreciation and Amortization (Continued)

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Vehicles	8
Furniture, machinery and equipment	10 - 20
Computers	5

Compensated Absences

Sick leave is recorded as an expenditure in the year paid. Upon retirement, the District compensates employees for unused accumulated sick leave at the rate of \$10.00 to \$43.00 per day dependent upon their job classification, provided that the employee has completed 15 years of service within the District and has met the requirements of retirement with the Public School Employees' Retirement System. Administrators must have completed 10 years of service within the District.

District employees who are required to work a twelve-month schedule are credited with vacation rates which vary with length of service and job classification.

Long-term Obligations

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method that approximates the effective interest method.

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

NOTE 2 Deposits and Investments

The District's current investment policy is to place as much of the available funds into interest bearing accounts as feasible. Current cash requirements are kept in bank demand deposits. The District does not pool cash of the various funds.

Deposits

The District requires all deposits and investments to be covered by federal depository insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not fully insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to 100% of value as required by Pennsylvania law. The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name.

The District's deposits are categorized to give an indication of the level of risk assumed by the District. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 - Uncollateralized.

As of June 30, 2014, the carrying amount of the District's deposits is \$19,415,918 and the bank balance is \$19,964,951. Of the bank balance, \$1,081,223 is covered by federal depository corporation insurance.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 2 Deposits and Investments (Continued)

Deposits (Continued)

Deposits, categorized by level of risk, are:

	<u>Categories</u>	<u>Bank</u>	<u>Carrying</u>	
<u>1</u>	<u>2</u>	<u>Balance</u>	<u>Amount</u>	
Cash \$1,081,223	\$ 0	\$18,883,728	\$19,964,951	\$19,415,918
<u>Uncategorized</u>				
Pennsylvania Invest			777,209	777,241
Pennsylvania School District Liquid Asset Fund			11,090	11,090
Pennsylvania Local Government Investment Trust			57,365	57,365
			\$20,810,615	\$20,261,614
			=====	=====

The District deposits cash in the Pennsylvania School District Liquid Asset Fund (PSDLAF), the Pennsylvania Local Government Investment Trust (PLGIT), and Pennsylvania Invest, which are governmental cash management pools. The purpose of the pools are to allow governmental units to maximize investment potential through cash pooling while providing security and liquidity. The investments of the pools are held in safekeeping by the investment custodians. Although the PSDLAF, PLGIT and Pennsylvania Invest portfolios contain investments that are individually insured and guaranteed, the deposits are not categorized as to credit risk, as required by Governmental Accounting Standards Board Statement No. 3.

Investments

Authorized types of investments for the District funds are as follows:

- a) United States Treasury Bills and Notes.
- b) Short-term obligations of the United States, its agencies or instrumentalities.
- c) Deposits in savings accounts or time deposits insured by the Federal Deposit Insurance Corporation or similar insurance and provided that approved collateral for public deposits is pledged by the depository for excess amounts over the insured maximum.
- d) Obligations of the United States and the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States, Commonwealth of Pennsylvania or political subdivisions.
- e) Shares of an investment company provided that the only investments of the company are in the investments listed in a) through d) above.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 2 Deposits and Investments (Continued)

Investments (Continued)

Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or securities held by the District or its agent in the District's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the District's name.

Investments, categorized by level of risk, are:

	<u>1</u>	<u>2</u>	<u>Categories</u> <u>3</u>	<u>Fair</u> <u>Value</u>	<u>Carrying</u> <u>Amount</u>
U.S. Government Securities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Gov't money market fund	0	0	0	0	0
Certificates of deposit	0	0	7,139,190	<u>7,139,190</u>	<u>7,139,190</u>
				\$ 7,139,190	\$ 7,139,190
				=====	=====

NOTE 3 Taxes Receivable and Deferred Inflows

Property taxes are collected and remitted to the District by three local tax collectors. Earned income taxes are collected and remitted to the District by Berkheimer Associates.

In the governmental fund financial statements, property taxes receivable are recorded in the General Fund after the taxes are levied. At June 30, 2014, the receivables represent delinquent property taxes, as well as current earned income taxes and interim real estate taxes. Delinquent property taxes not paid within sixty days of June 30 are recorded as deferred inflows.

In the government-wide financial statements, taxes receivable and related revenue include all amounts due to the District regardless of when cash is received. Over time, substantially all property taxes are collected.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 4 Interfund Receivable and Payable Balances

The District had interfund receivable and payable balances in the following amounts at June 30, 2014:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 0	\$ 61,992
Food Service Fund	61,992	0
Total	\$ 61,992	\$ 61,992
	=====	=====

The general fund owes the food service fund for state subsidies received for food service lunches, retirement and social security benefits that have not been transferred by the general fund for the current year. The amount is expected to be paid within one year.

NOTE 5 Intergovernmental Receivables and Unearned Revenue

Intergovernmental receivables are comprised of amounts due from the state and federal governments for grants and subsidies. Revenue is recorded as earned when eligibility requirements are satisfied. The receivable balance consists of the following at June 30, 2014:

	<u>General Fund</u>	<u>Food Service Fund</u>
Federal grant revenues	\$ 167,175	\$ 29,236
State subsidy revenues	869,648	3,185
Total	\$1,036,823	\$ 32,421
	=====	=====

Grant revenues unearned in the financial statements represent inventory of the Food Service Fund from donated commodities received from the federal government.

NOTE 6 Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance 07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/14</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 1,563,415	\$ 0	\$ 0	\$ 1,563,415
Construction in progress	0	0	0	0
Total capital assets not depreciated	1,563,415	0	0	1,563,415
Capital assets, being depreciated:				
Site improvements	493,081	297,086	0	790,167
Buildings and improvements	104,274,751	1,660,210	0	105,934,961
Furniture and equipment	9,510,978	494,147	(425,959)	9,579,166
Total capital assets being depreciated	114,278,810	2,451,443	(425,959)	116,304,294

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 6 Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/14</u>
<u>Governmental activities:</u>				
Less accumulated depreciation for:				
Site improvements	(322,769)	(36,006)	0	(358,775)
Buildings and improvements	(40,579,195)	(3,222,290)	0	(43,801,485)
Furniture and equipment	(5,869,266)	(1,150,311)	425,959	(6,593,618)
Total accumulated depreciation	<u>(46,771,230)</u>	<u>(4,408,607)</u>	<u>425,959</u>	<u>(50,753,878)</u>
Total capital assets, being depreciated, net	<u>67,507,580</u>	<u>(1,957,164)</u>	<u>0</u>	<u>65,550,416</u>
Governmental activities capital assets, net	\$69,070,995	\$(1,957,164)	\$ 0	\$ 67,113,831
	=====	=====	=====	=====
	<u>Balance</u> <u>07/01/13</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/14</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Furniture and equipment	\$ 997,271	\$ 0	\$ 0	\$ 997,271
Less accumulated depreciation	(507,907)	(45,511)	0	(553,418)
Business-type activities capital assets, net	\$ 489,364	\$ (45,511)	\$ 0	\$ 443,853
	=====	=====	=====	=====

Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
Instruction	\$3,973,630	Food service	\$ 45,511
Instructional support	431,409		
Noninstruction	<u>3,568</u>		
Total	\$4,408,607		<u>\$ 45,511</u>
	=====		=====

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 7 Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only.

The following is a summary of long-term debt transactions for the year ended June 30, 2014:

	<u>Balance</u> <u>7/1/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/14</u>
General obligation bonds and notes-				
Series of 2006AA	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0
Series of 2009	5,650,000	0	5,650,000	0
Series of 2009A	8,455,000	0	70,000	8,385,000
Series of 2010	10,690,000	0	15,000	10,675,000
Series of 2011	9,980,000	0	20,000	9,960,000
Series of 2012	6,960,000	0	1,260,000	5,700,000
Series of 2013A	19,400,000	0	115,000	19,285,000
Series of 2013AA	9,665,000	0	25,000	9,640,000
Series of 2014	0	4,646,400	0	4,646,400
Lease payable	2,326,043	0	226,742	2,099,301
Total general long-term debt	\$74,126,043	\$ 4,646,400	\$ 8,381,742	\$70,390,701
	=====	=====	=====	=====

The following is a summary of the details of outstanding debt as of June 30, 2014:

General Obligation Bonds Series of 2006AA: date of issue was April 1, 2006; registered bonds; original amount was \$24,780,000; yield to maturity varies from 4.00% to 4.50%; original maturity date was September 1, 2027. These bonds were paid in full during 2014.

General Obligation Bonds Series of 2009: date of issue was March 15, 2009; registered bonds; original amount was \$9,150,000; yield to maturity varies from 2.00% to 3.10%; maturity date is September 1, 2017. These bonds were advance refunded from the proceeds of the 2014 bond issue.

General Obligation Bonds Series of 2009A: date of issue was October 15, 2009; registered bonds; original amount was \$8,465,000; yield to maturity varies from 2.00% to 3.50%; maturity date is September 1, 2023.

General Obligation Bonds Series of 2010: date of issue was August 23, 2010; registered bonds; original amount was \$10,695,000; yield to maturity varies from 2.00% to 3.00%; maturity date is September 1, 2023.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 7 Long-Term Debt (Continued)

General Obligation Bonds Series of 2011: date of issue was November 7, 2011; registered bonds; original amount was \$9,995,000; yield to maturity varies from 2.00% to 3.125%; maturity date is July 1, 2025.

General Obligation Bonds Series of 2012: date of issue was May 7, 2012; registered bonds; original amount was \$6,960,000; yield to maturity varies from 2.00% to 4.00%; maturity date is September 1, 2017.

General Obligation Bonds Series of 2013A: date of issue was March 12, 2013; registered bonds; original amount was \$19,400,000; yield to maturity varies from 2.00% to 4.00%; maturity date is September 1, 2027.

General Obligation Bonds Series of 2013AA: date of issue was March 12, 2013; registered bonds; original amount was \$9,665,000; yield to maturity varies from 0.30% to 4.00%; maturity date is September 1, 2027.

General Obligation Note Series of 2014: date of issue was April 24, 2014; original amount was \$4,646,400; yield to maturity is .85%; maturity date is September 1, 2017.

Lease payable: date of issue was November 23, 2005; original amount was \$3,549,805; interest rate to maturity is 3.865%; maturity date is November 21, 2021.

Annual debt service requirements to maturity for general obligation debt including interest are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,210,856	\$ 1,908,412	\$ 6,119,268
2016	4,248,505	1,831,527	6,080,032
2017	4,598,712	1,731,201	6,329,913
2018	4,731,898	1,610,724	6,342,622
2019	4,782,889	1,472,737	6,255,626
2020	5,027,909	1,322,024	6,349,933
2021	5,248,584	1,158,613	6,407,197
2022	5,216,348	999,667	6,216,015
2023	5,215,000	854,384	6,069,384
2024	5,375,000	697,694	6,072,694
2025	5,485,000	538,657	6,023,657
2026	5,620,000	381,847	6,001,847
2027	5,690,000	225,350	5,915,350
2028	<u>4,940,000</u>	<u>74,100</u>	<u>5,014,100</u>
	\$70,390,701	\$14,806,937	\$ 85,197,638
	=====	=====	=====

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 8 Retirement Plan

The District contributes to the Public School Employees' Retirement System (the System) which is a governmental cost sharing multiple-employer defined benefit pension plan. The System provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The System is authorized by the provisions of The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended). The System issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 North Fifth Street, Harrisburg, PA 17101-1905. The CAFR is also available on the Publications page of the PSERS website.

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of their qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2014 the rate of employer contribution was 16.93% of covered payroll. The 16.93% rate is composed of a pension contribution rate of 16.00% for pension benefits and .93% for healthcare insurance premium assistance. The District's contribution to the System was \$3,980,542 for the year ended June 30, 2014.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 9 Litigation

Various tax appeals have been brought against the District. Defenses are being conducted by counsel for the District or the insurance carrier, and losses, if any, are not anticipated to have a significant effect on the District's financial statements.

NOTE 10 Contingencies

The District participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended June 30, 2014, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 11 Risk Management

Significant losses are covered by commercial insurance for all major programs. There has been no significant reduction in insurance coverages. Settlement amounts have not exceeded insurance coverages for the current year or the three prior years.

NOTE 12 Joint Ventures

The District is a participating member of the Lehigh Career and Technical Institute (the Institute). The Institute is governed by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Institute's annual operating budget. Each member district participates in the operating, capital, debt service and other costs of the Institute based on the number of students attending the Institute from each district. For the year ended June 30, 2014, the District's share was \$968,655. The Institute issues separate financial statements which are available to the public.

The District also participates with the Lehigh Carbon Community College (the College) and the Carbon Lehigh Intermediate Unit (the Unit). The District's involvement is limited to District member representatives serving on committees of the Boards of the College and the Unit as well as approving their annual budgets. The District shares in the operating, capital and other costs of the College and Unit, which amounted to \$356,359 and \$359,507, respectively, for the year ended June 30, 2014. The College and the Unit issue separate financial statements which are available to the public.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 13 Postemployment Benefits Other Than Pensions

In addition to the pension benefits described in Note 8, the District provides certain post-retirement healthcare benefits to its retirees who meet eligibility requirements based upon whether they are entitled to receive a pension allowance or a disability allowance through PSERS. Post-retirement benefits consist of medical, prescription drug, dental and life insurance.

The District's contribution is based on projected pay as you go financing requirements. As of June 30, 2014, the District has made accumulated contributions and investment earnings of \$2,358,223 to fund these benefits. Retirees receiving benefits are required to pay a certain portion of the premiums based upon their group classification.

The District's annual OPEB cost for the plan is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed sixteen years.

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table shows the components of the District's annual OPEB cost for the year, the amount of estimated contributions to the plan, and changes in the District's estimated net OPEB obligations, as well as assumptions used to calculate the estimated net OPEB obligation:

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 13 Postemployment Benefits Other Than Pensions (Continued)

Annual required contribution (ARC)	\$ 1,253,083
Estimated interest on net OPEB obligation	168,964
Estimated adjustment to ARC	<u>(387,771)</u>
Annual OPEB cost	1,034,276
Contributions made (estimated)	<u>(421,569)</u>
Estimated increase in net OPEB obligation	612,707
Estimated net OPEB obligation beginning of year	<u>3,754,748</u>
Estimated net OPEB obligation end of year	<u>\$ 4,367,455</u>
	=====

Methods and assumptions are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	N/A
Remaining amortization period	13 Years

Actuarial assumptions:

Investment rate of return	4.5%
Projected salary increases	3.0%
Health care inflation rate	7.0% in 2013, grading to 5.3% in 2017

Mortality

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation

Three Year Trend Information

Year	Annual OPEB Cost (AOC)	Estimated Percentage of AOC Contributed	Estimated Net OPEB Obligation
<u>Ending</u> 06/30/14	\$1,034,276	41%	\$4,367,455
06/30/13	\$ 962,265	50%	\$3,754,748
06/30/12	\$ 992,546	53%	\$3,269,206

NOTE 14 Subsequent Events

Subsequent events have been evaluated through January 27, 2015, which is the date the financial statements were available to be issued.

NOTE 15 Deficit Fund Equity, Expenditures and Appropriations

No funds of the District have a deficit net position at June 30, 2014. Additionally, for the year ended June 30, 2014, no funds had an excess of expenditures over appropriations.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 16 Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable - this fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. Items associated with this category include inventories, prepaids, long-term loans and notes receivable, and property held for resale, unless the proceeds are restricted, committed, or assigned.

2. Restricted - this fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use the resources created by enabling legislation only for the purposes specified by the legislation.

3. Committed - this fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action by the School Board of Directors who is the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the School Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School Board, separate from authorization to raise the underlying revenue, therefore, compliance with those constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

4. Assigned - this fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2014

NOTE 16 Fund Balance Reporting (Continued)

5. Unassigned - this fund balance category is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The following represents the fund balance classifications of the District at June 30, 2014:

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Inventories	\$ 100,000	\$ 0	\$ 100,000
Prepaid expenses	169,453	0	169,453
Restricted for:			
Capital improvements	0	2,329,774	2,329,774
Assigned for:			
Retirement increases	4,700,000	0	4,700,000
Other post-employment benefits	4,700,000	0	4,700,000
Health insurance increases	3,233,735	0	3,233,735
Capital construction	2,000,000	0	2,000,000
Unassigned:			
Unassigned	<u>3,900,000</u>	<u>0</u>	<u>3,900,000</u>
Total fund balances	\$18,803,188 =====	\$ 2,329,774 =====	\$21,132,962 =====

SOUTHERN LEHIGH SCHOOL DISTRICT
POSTEMPLOYMENT BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
(An Integral Part of the Financial Statements)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2013	\$ 0	\$ 7,230,340	\$ 7,230,340	0.0%	\$20,688,648	34.9%
6/30/2011	\$ 0	\$ 6,538,151	\$ 6,538,151	0.0%	\$19,781,797	33.1%
6/30/2009	0	6,614,420	6,614,420	0.0%	19,744,669	33.5%
6/30/2007	0	6,423,224	6,423,224	0.0%	15,863,018	40.5%

SOUTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

<u>Program Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Date</u>	<u>Program or Award Amount</u>
U.S. Dept. of Agriculture					
Passed through the PA					
Dept. of Education:					
National School Lunch Program	I	10.555	N/A	7/1/13-6/30/14	N/A
National School Lunch Program	I	N/A	N/A	7/1/13-6/30/14	N/A
National School Lunch Program	I	10.555	N/A	7/1/12-6/30/13	N/A
National School Lunch Program	I	N/A	N/A	7/1/12-6/30/13	N/A
Passed through the PA					
Dept. of Agriculture:					
Value of USDA					
Donated Food	I	10.555	N/A	7/1/13-6/30/14	N/A
Total U.S. Dept. of Agriculture					
<u>U.S. Dept. of Education</u>					
Passed through the PA					
Dept. of Education:					
Title I Improve Basic Pr.	I	84.010	13-140407	7/1/13-6/30/14	\$ 211,989
Title I Improve Basic Pr.	I	84.010	13-130407	7/1/12-6/30/13	\$ 232,799
IDEA Grants to States	I	84.027	62-140021	7/1/13-6/30/14	\$ 362,450
IDEA Grants to States	I	84.027	62-130021	7/1/12-6/30/13	\$ 390,848
IDEA Preschool Grants	I	84.173	131-130021	7/1/13-6/30/14	\$ 1,952
IDEA Preschool Grants	I	84.173	131-130021	7/1/12-6/30/13	\$ 4,245
Title II Improve Teach.	I	84.367	20-140407	7/1/13-6/30/14	\$ 56,680
Title II Improve Teach.	I	84.367	20-130407	7/1/12-6/30/13	\$ 60,225
Total U.S. Dept. of Education					
Total Federal Assistance					

Source Codes: I - Indirect Funding F - Federal Share
D - Direct Funding S - State Share

Footnotes:

- (a) Total amount of commodities received.
- (b) Beginning inventory at July 1.
- (c) Total amount of commodities used.
- (d) Ending inventory June 30.

See notes to the Schedule of Expenditures of Federal Awards.

SOUTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

	Total Received for the Year	Accrued or (Deferred) Revenue at 7/1/13	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 6/30/14
F \$	159,545.04	\$ 0.00	\$ 188,780.89	\$ 188,780.89	\$ 29,235.85
S	17,964.10	0.00	21,149.60	21,149.60	3,185.50
F	23,904.41	23,904.41	0.00	0.00	0.00
S	2,755.60	2,755.60	0.00	0.00	0.00
	(a)	(b)	(c)	(d)	
	<u>62,875.14</u>	<u>(3,813.51)</u>	<u>58,306.84</u>	<u>58,306.84</u>	<u>(8,381.81)</u>
	<u>\$ 267,044.29</u>	<u>\$ 22,846.50</u>	<u>\$ 268,237.33</u>	<u>\$ 268,237.33</u>	<u>\$ 24,039.54</u>
	\$ 113,481.04	\$ 0.00	\$ 157,906.97	\$ 157,906.97	\$ 44,425.93
	60,753.12	28,301.44	32,451.68	32,451.68	0.00
	252,769.85	0.00	362,450.00	362,450.00	109,680.15
	147,058.95	147,058.95	0.00	0.00	0.00
	0.00	0.00	1,952.00	1,952.00	1,952.00
	4,245.00	4,245.00	0.00	0.00	0.00
	45,368.76	0.00	56,486.07	56,486.07	11,117.31
	<u>19,963.74</u>	<u>17,830.09</u>	<u>2,133.65</u>	<u>2,133.65</u>	<u>0.00</u>
	<u>643,640.46</u>	<u>197,435.48</u>	<u>613,380.37</u>	<u>613,380.37</u>	<u>\$ 167,175.39</u>
	<u>\$ 910,684.75</u>	<u>\$220,281.98</u>	<u>\$ 881,617.70</u>	<u>\$ 881,617.70</u>	<u>\$ 191,214.93</u>
	=====	=====	=====	=====	=====
	Total expenditures per above schedule				\$ 881,617.70
	Less: State share of National School Lunch Program				<u>(21,149.60)</u>
	Total Federal Expenditures				<u>\$ 860,468.10</u>
					=====
	<u>Programs selected for testing:</u>				
	IDEA Grants to States				\$ 362,450.00
	IDEA Preschool Grants				<u>1,952.00</u>
					<u>\$ 364,402.00</u>
					=====

SOUTHERN LEHIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

NOTE 1 Summary of Significant Accounting Policies

Basis of Accounting

The revenues and expenditures recognized on this schedule are recorded on the accrual basis of accounting.

Inventory

It is the policy of Southern Lehigh School District to expense the value of all donated commodities used during the year. Recognition is given to inventories of donated goods on hand at year end on this schedule.

NOTE 2 Federal Revenue Summary

The following is a summary of federal revenue by CFDA number:

10.555		\$ 247,087.73
84.010		190,358.65
84.027		362,450.00
84.173		1,952.00
84.367		<u>58,619.72</u>
Total		\$ 860,468.10 =====

NOTE 3 Schedule Presentation

The information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

SOUTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	NO
Reportable condition(s) identified not considered to be material weaknesses?	NONE
Noncompliance material to financial statements noted?	NO

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	NO
Reportable condition(s) identified not considered to be material weaknesses?	NONE
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	NO

Major programs:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
84.027	Grants to States (IDEA, Part B)
84.173	Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000 =====
Auditee qualified as a low risk auditee?	YES

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SOUTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
YEAR ENDED JUNE 30, 2014

SUMMARY OF PRIOR AUDIT FINDINGS

NONE

FRANCE, ANDERSON, BASILE and COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

903 Chestnut Street
Emmaus, Pennsylvania 18049

610-967-1200 Phone
610-966-6669 Fax
www.fabandco.com

INDEPENDENT AUDITORS' 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

To the Board of School Directors
Southern Lehigh School District
Center Valley, Pennsylvania

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 Southern Lehigh School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Lehigh School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Anderson, Bosche and Company, P.C.

Emmaus, Pennsylvania
January 27, 2015

FRANCE, ANDERSON, BASILE and COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

903 Chestnut Street
Emmaus, Pennsylvania 18049

610-967-1200 Phone
610-966-6669 Fax
www.fabandco.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Southern Lehigh School District
Center Valley, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Southern Lehigh School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of their major federal programs for the year ended June 30, 2014. Southern Lehigh School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Southern Lehigh School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southern Lehigh School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Southern Lehigh School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Southern Lehigh School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southern Lehigh School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern Lehigh School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James, Anderson, Borsick and Company, P.C.

Emmaus, Pennsylvania

January 27, 2015

SOUTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND DISBURSEMENTS -
ACTIVITY FUND ACCOUNTS
YEAR ENDED JUNE 30, 2014

	Balance <u>7/01/13</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance <u>6/30/14</u>
HIGH SCHOOL:				
Art Show Account	\$ 1,189	\$ 465	\$ 826	\$ 828
Band Fund	5,986	8,545	4,499	10,032
Cheerleaders	5	0	0	5
Class of 2007	0	770	0	770
Class of 2013	4,726	0	4,726	0
Class of 2014	4,991	6,490	7,275	4,206
Class of 2015	601	29,690	22,984	7,307
Class of 2016	930	498	1,000	428
Drama Club	2,499	4,661	5,562	1,598
Ecology Club	265	0	0	265
Faculty Fund	869	486	459	896
Future Business Leaders	1,557	5,729	4,946	2,340
Guidance	6,666	27,613	26,114	8,165
High School Fund	40,981	122,712	113,137	50,556
Invested Interest	1,177	956	412	1,721
Interact	91	2	0	93
Key Club	1,169	4,723	4,435	1,457
Motion/Colorguard	0	0	0	0
Musical	2,161	32,390	31,793	2,758
National Honor Society	885	2,762	3,348	299
Newspaper "Spotlight"	809	0	385	424
Orchestra	757	522	0	1,279
Robotics Club	538	0	500	38
S.A.D.D.	2,142	0	0	2,142
Scholastic Scrimmage	3,085	0	750	2,335
Senior High Chorus	4,975	923	1,132	4,766
Ski Intramurals	0	0	0	0
Spanish Club	135	190	308	17
Spartan Enterprises	1,888	1,448	2,862	474
Speech Debate Team	5,615	23,212	23,703	5,124
Student Council	5,607	15,711	14,419	6,899
Summer School	282	0	0	282
Sunshine Fund	241	440	430	251
Teen Counseling	206	188	188	206
Tutorial Account	147	0	0	147
Varsity Club	675	2,891	3,317	249
Yearbook	<u>16,292</u>	<u>16,822</u>	<u>27,206</u>	<u>5,908</u>
 Total High School	 <u>120,142</u>	 <u>310,839</u>	 <u>306,716</u>	 <u>124,265</u>
 Middle School	 41,595	 68,432	 62,316	 47,711
 Elementary Schools:				
Hopewell	8,113	13,086	16,280	4,919
Intermediate	13,542	31,437	25,603	19,376
Liberty Bell	2,543	6,812	4,363	4,992
Lower Milford	<u>45,120</u>	<u>26,134</u>	<u>21,543</u>	<u>49,711</u>
 TOTAL	 <u>\$231,055</u>	 <u>\$456,740</u>	 <u>\$436,821</u>	 <u>\$250,974</u>
	=====	=====	=====	=====