

**SCHOOL DISTRICT OF THE
BOROUGH OF SPRING LAKE
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**BOARD OF EDUCATION
BOROUGH OF SPRING LAKE
STATE OF NEW JERSEY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

**PREPARED BY
SPRING LAKE BOARD OF EDUCATION
BOARD SECRETARY'S OFFICE**

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INTRODUCTORY SECTION



"Ocean, Wood and Lake"

Spring Lake School District
H. W. Mountz School
411 Tuttle Avenue
Spring Lake, NJ 07762-1507

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Interim Superintendent
(732) 449-6380
Fax (732) 449-3178

Debra Leigh Allen
School Business Administrator/
Board Secretary
(732) 449-2056

October 15, 2011 Fax (732) 449-2058

Honorable President and
Members of the board of Education
Spring Lake School District
Monmouth County, New Jersey 07762

Dear Board Members:

The comprehensive annual financial report of the Spring Lake School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local governments and Non-Profit Organizations", and the state Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Spring Lake School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement #3. All funds and account groups of the District are included in this report. The Spring Lake Board of Education and the H. W. Mountz School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, vocational, and special education for handicapped youngsters. The District resident enrollment on October 15, 2010 as reported in the Annual Application for State School Aid was 318.5, which is an increase of five (5) students over the previous year's resident enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Resident Enrollment

<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010	318.5	2%
2009	313.5	(3.2%)
2008	324	3.7%
2007	312.5	(6.0%)
2006	332.5	(12.62%)
2005	380.5	(4.875)%
2004	400	(4.3)%
2003	417.5	.8%
2002	414	(2.9)%
2001	426	4.4%
2000	408	(.2)%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Spring Lake is located in the southeastern section of Monmouth County and is comprised of approximately 832 acres of 1.3 square miles. The community is, for all practical purposes, fully developed and is predominantly residential in character.

The decline in student enrollment experienced in the 1980's reversed in the 1990's. The growth was attributed to a shift of enrollments from parochial to public school and younger families moving into the district replacing older ones. This shift has again reversed and there is a decline in enrollment.

3. MAJOR INITIATIVES: The 2010-2011 budget contained funding for increased special education services, increased professional development, curriculum development, materials and resources for Readers/Writers Workshop, Science materials and increased instructional technology.

Students continue to score well above the national average on standardized ability tests and are at the top of Monmouth County districts scores on the New Jersey ASK for grades 3-8.

The school district has continued enhancements to its language arts program, science program, provided extensive staff development, implemented the fifth year of anti-bullying strategies in all grades. All program initiatives and enhancements have been closely correlated with the State Core Curriculum Content Standards.

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are

adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

At June 30, 2011, the District had \$1,445,000 of outstanding school bonds.

8. CASH MANAGEMENT:

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

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo & Cuva, P.A. was appointed by the Spring Lake Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

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

Respectfully submitted,


John Bormann
Superintendent

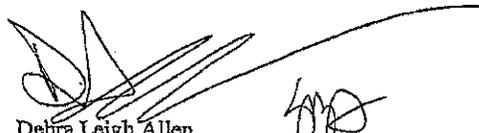
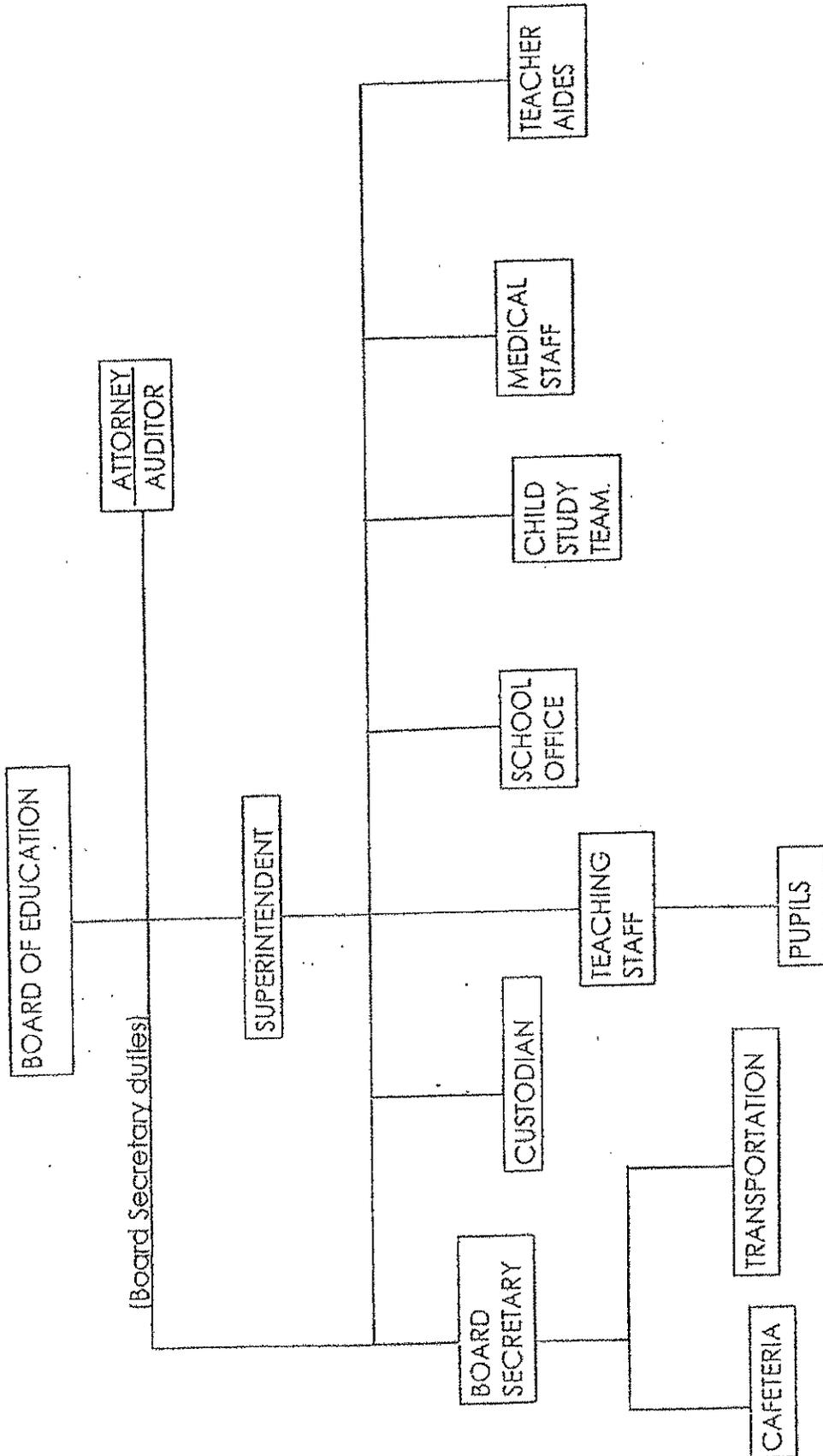

Debra Leigh Allen
Business Administrator/Board Secretary

CHART OF ORGANIZATION



ADOPTED: 2/24/78

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Began</u>	<u>Term Expires</u>
Trish O. Hansen, President	2004	2012
Anthony Petrosini, Vice President	2007	2013
Richard Galvin	2009	2012
James Panzini	2005	2014
Beverly D. West	2010	2013

Other Officials

Patricia Wright, Superintendent

Debra Leigh Allen, School Business Administrator/Board Secretary

Bruce Quinn, Treasurer of School Monies

Anthony Sciarrillo, Attorney

SPRING LAKE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Architect/Engineers

P.W. Moss & Associates
Engineering
7 Plumridge Drive
Doylestown, PA 18902

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Lindabury, McCormick, Estabrook & Cooper, P.C.
53 Cardinal Drive
Westfield, NJ 07091

Official Depositories

TD Bank
555 Warren Avenue
Spring Lake Heights, NJ 07762

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Spring Lake School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Spring Lake School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Spring Lake Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Borough of Spring Lake Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable President and
Members of the Board of Education
Page 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the Spring Lake Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Spring Lake Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766

Ferraioli, Wielkote, Cerullo & Cuva P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 31, 2011

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Spring Lake Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets increased \$117,894. Net assets of governmental activities increased \$118,585 while net assets of business-type activity decreased by \$691.
- General revenues accounted for \$6,747,088 revenue or 96.14 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$270,639 or 3.86 percent of total revenues of \$7,017,727.
- The School District had \$6,893,111 in expenses related to governmental activities; only \$270,639 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$6,747,088 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net assets and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Spring Lake Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise fund is reported as a business activity.

The two statements report the District's net assets and changes in them. The change in net assets can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Spring Lake Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. 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.

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

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Spring Lake Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital project and debt service funds, which are considered to be major funds.

The Spring Lake Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Spring Lake Board of Education uses proprietary funds to account for its food service program and community service program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

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

The School District's net assets were \$4,492,985 at June 30, 2011. Of this amount, \$62,013 was an excess in unrestricted balances. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets (Table 1) and change in net assets (Table 2) of the School District.

Table 1
Net Assets
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and Other Assets	3,519,526	3,358,393	2,575	3,772	3,522,101	3,362,165
Capital Assets	<u>2,696,534</u>	<u>2,861,767</u>	—	<u>471</u>	<u>2,696,534</u>	<u>2,862,238</u>
Total Assets	<u>6,216,060</u>	<u>6,220,160</u>	<u>2,575</u>	<u>4,243</u>	<u>6,218,635</u>	<u>6,224,403</u>
Liabilities						
Current Liabilities	61,537	40,739		977	61,537	41,716
Noncurrent Liabilities	<u>1,664,113</u>	<u>1,807,596</u>	—	—	<u>1,664,113</u>	<u>1,807,596</u>
Total Liabilities	<u>1,725,650</u>	<u>1,848,335</u>	<u>0</u>	<u>977</u>	<u>1,725,650</u>	<u>1,849,312</u>
Net Assets						
Invested in Capital						
Net of Debt	1,251,534	1,266,767		471	1,251,534	1,267,238
Restricted	3,179,438	2,878,792		—	3,179,438	2,878,792
Unrestricted	<u>59,438</u>	<u>226,266</u>	<u>2,575</u>	<u>2,795</u>	<u>62,013</u>	<u>229,061</u>
Total Net Assets	<u>4,490,410</u>	<u>4,371,825</u>	<u>2,575</u>	<u>3,266</u>	<u>4,492,985</u>	<u>4,375,091</u>

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2011 compared to 2010.

**Table 2
Changes in Net Assets
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			6,031	5,257	6,031	5,257
Operating Grants and Contributions	264,608	360,184			264,608	360,184
General Revenues:						
Taxes:						
County taxes, levied for:						
General purposes	5,969,135	5,823,546			5,969,135	5,823,546
Debt Service	128,470	133,279			128,470	133,279
Federal and State Aid not Restricted	564,555	696,764			564,555	696,764
Investment Earnings	6,304	9,784			6,304	9,784
Miscellaneous Income	<u>78,624</u>	<u>94,521</u>	<u> </u>	<u> </u>	<u>78,624</u>	<u>94,521</u>
Total Revenues and Transfers	<u>7,011,696</u>	<u>7,118,078</u>	<u>6,031</u>	<u>5,257</u>	<u>7,017,727</u>	<u>7,123,335</u>

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Functions/Program Expenses						
Instruction:						
Regular	1,922,931	1,987,368			1,922,931	1,987,368
Special Education	360,436	366,556			360,436	366,556
Other Instruction	78,181	46,519			78,181	46,519
Support Services:						
Tuition	1,490,746	1,297,325			1,490,746	1,297,325
Student & Instruction						
Related Services	1,201,200	1,209,172			1,201,200	1,209,172
Services	114,091	109,809			114,091	109,809
General Administrative						
Services	144,245	161,833			144,245	161,833
Central Services and Admin.	147,036	150,404			147,036	150,404
Admin. Info. Technology	10,997	9,028			10,997	9,028
Plant Operations and						
Maintenance	582,670	784,065			582,670	784,065
Pupil Transportation	242,528	264,900			242,528	264,900
Unallocated Benefits	370,105	349,515			370,105	349,515
Capital Outlay - Undepreciable	3,818	5,279			3,818	5,279
Interest on Long-Term Debt	54,513	58,566			54,513	58,566
Unallocated depreciation	169,614	166,379			169,614	166,379
Food Service			<u>6,722</u>	<u>5,625</u>	<u>6,722</u>	<u>5,625</u>
Total Expenses	<u>6,893,111</u>	<u>6,966,718</u>	<u>6,722</u>	<u>5,625</u>	<u>6,899,833</u>	<u>6,972,343</u>
Increase or (Decrease) in						
Net Assets	<u>118,585</u>	<u>151,360</u>	<u>(691)</u>	<u>(368)</u>	<u>117,894</u>	<u>150,992</u>

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$6,899,833. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,097,605 because some of the cost was paid by those who benefitted from the programs \$6,031, by other governments and organizations who subsidized certain programs with grants and contributions \$829,163, and by miscellaneous sources \$84,928.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service expenses exceeded revenues by \$691.
- ✓ Charges for services provided totaled \$6,031. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced milk, and donated commodities was \$-0-.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2011, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and post retirement medical benefits and TPAF social security reimbursements, is neither a revenue item nor an expenditures item to the District but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$15,408 for an increase in federal and state grant awards.

General Fund

The general fund actual revenue was \$6,523,505. That amount is \$361,113 above the final amended budget of \$6,162,392. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$296,139 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$21,836 excess in miscellaneous anticipated revenues and \$43,138 excess in other state aids.

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$6,402,240 which is \$700,170 below the final amended budget of \$7,096,394. The variance between the actual expenditures and final budget was due to excess non-budget on-behalf State TPAF social security, pension and medical retirement payments of \$(296,139) and \$996,309 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$264,608. That amount is greater than the original budget estimate of \$249,200 and equal to the final amended budget of \$264,608.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the School District had \$5,884,462 invested in sites, buildings and equipment. Of this amount, \$3,187,928 in depreciation has been taken over the years. We currently have a net book value of \$2,696,534. Total additions for the year were \$4,381. Total disposals for the year were \$-0-. Table 3 shows fiscal year 2011 balances compared to 2010.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land Improvements	492,117	492,117			492,117	492,117
Construction in Progress						
Buildings and Improvements	1,875,003	1,980,425			1,875,003	1,980,425
Furniture, Equipment and Vehicles	<u>329,414</u>	<u>389,225</u>	<u>-0-</u>	<u>471</u>	<u>329,414</u>	<u>389,696</u>
	<u>2,696,534</u>	<u>2,861,767</u>	<u>- -0-</u>	<u>471</u>	<u>2,696,534</u>	<u>2,862,238</u>

Debt Administration

At June 30, 2011, the District had \$1,664,113 of outstanding debt. Of this amount, \$219,113 is for compensated absences; and \$1,445,000 of serial bonds for school construction.

**SPRING LAKE BOARD OF EDUCATION
SPRING LAKE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2010-2011 school year that is significantly below the funding level of 2009-2010 school year.

These factors were considered in preparing the Spring Lake Board of Education's budgets for the 2011-2012 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Spring Lake Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ms. Debra Allen,
School Business Administrator
Spring Lake Board of Education
411 Tuttle Avenue
Spring Lake, New Jersey 07762-1507

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Spring Lake School District
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	1,826,186	2,575	1,828,761
Receivables, net	563,755		563,755
Restricted assets:			
Cash and cash equivalents	1,129,585		1,129,585
Capital assets, net	2,696,534		2,696,534
Total Assets	<u>6,216,060</u>	<u>2,575</u>	<u>6,218,635</u>
LIABILITIES			
Accounts payable	3,292		3,292
Accrued interest on bonds	14,587		14,587
Payable to federal and state government	39,246		39,246
Deferred revenue	4,412		4,412
Noncurrent liabilities:			
Due within one year	155,000		155,000
Due beyond one year	1,509,113		1,509,113
Total liabilities	<u>1,725,650</u>	<u>-</u>	<u>1,725,650</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,251,534		1,251,534
Restricted for:			
Debt service	159		159
Capital projects	368,899		368,899
Other Purposes	2,810,380		2,810,380
Unrestricted (Deficit)	59,438	2,575	62,013
Total net assets	<u>4,490,410</u>	<u>2,575</u>	<u>4,492,985</u>

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

Spring Lake School District
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:						
Instruction:						
Regular	1,585,564	337,367		170,915		(1,752,016)
Special education	276,146	84,290				(360,436)
Other instruction	78,181					(78,181)
Support services:						
Tuition	1,490,746					(1,490,746)
Student & instruction related services	983,496	217,704		93,693		(1,107,507)
School administrative services	87,426	26,665				(114,091)
General administrative services	144,245					(144,245)
Central Services	135,943	11,093				(147,036)
Admin. Info. Technology	10,997					(10,997)
Plant operations and maintenance	431,593	151,077				(582,670)
Pupil transportation	242,528					(242,528)
Employee Benefits	370,105					(370,105)
Capital outlay-undepreciable	3,818					(3,818)
Interest on long-term debt	54,513					(54,513)
Unallocated depreciation	169,614					(169,614)
Total governmental activities	6,064,915	828,196	-	264,608	-	(6,628,503)
Business-type activities:						
Food Service	6,722		6,031			(691)
Total business-type activities	6,722		6,031			(691)
Total primary government	6,071,637		6,031	264,608		(6,629,194)
General revenues:						
Property Taxes Levied for:						
General Purposes						5,969,135
Debt Service						128,470
Federal and State aid not restricted						564,555
Investment Earnings						6,304
Miscellaneous Income						78,624
Total general revenues, special items, extraordinary items and transfers						6,747,088
Change in Net Assets						118,585
Net Assets—beginning						4,375,091
Net Assets—ending						4,492,985

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

FUND FINANCIAL STATEMENTS

**Spring Lake School District
Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	1,838,067	(27,006)	14,966	159	1,826,186
Receivables from Other Governments	490,461	73,294			563,755
Restricted Cash and Cash Equivalents	1,129,585				1,129,585
Total Assets	<u>3,458,113</u>	<u>46,288</u>	<u>14,966</u>	<u>159</u>	<u>3,519,526</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable		3,292			3,292
Interfund - Enterprise Fund					
Payable to Federal Government		2,535			2,535
Payable to State Government		36,711			36,711
Deferred Revenue	662	3,750			4,412
Total Liabilities	<u>662</u>	<u>46,288</u>			<u>46,950</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,000,118				1,000,118
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	918,201				918,201
Emergency Reserve	250,000				250,000
Maintenance Reserve	368,652				368,652
Capital Reserve	353,933				353,933
Tuition Reserve	157,000				157,000
Debt Service				159	159
Capital Projects			14,966		14,966
Committed to:					
Other Purposes	111,125				111,125
Assigned to:					
Designated for Subsequent Year's Expenditures	5,284				5,284
Unassigned:					
General Fund	293,138				293,138
Total Fund Balances	<u>3,457,451</u>		<u>14,966</u>	<u>159</u>	<u>3,472,576</u>
Total Liabilities and Fund Balances	<u>3,458,113</u>	<u>46,288</u>	<u>14,966</u>	<u>159</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,876,661 and the accumulated depreciation is \$3,180,127.

2,696,534

Interest on Long-term debt accrued

(14,587)

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

(1,664,113)

Net assets of governmental activities

4,490,410

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

Spring Lake School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	5,969,135			128,470	6,097,605
Interest Earned on Capital Reserve Funds					-
Interest Earned on Maintenance Reserve Funds					-
Interest Earned on Investments	6,231			73	6,304
Miscellaneous	15,605	39,135			54,740
Total - Local Sources	5,990,971	39,135	-	128,543	6,158,649
State Sources	564,555	101,411		63,019	728,985
Federal Sources		124,062			124,062
Total Revenues	6,555,526	264,608	-	191,562	7,011,696
EXPENDITURES					
Current:					
Regular Instruction	1,408,132	170,915			1,579,047
Special Education Instruction	276,146				276,146
Other Instruction	78,181				78,181
Support Services and Undistributed Costs:					
Tuition	1,490,746				1,490,746
Student & Instruction Related Services	889,803	93,693			983,496
General Administrative Services	144,245				144,245
School Administrative Services	87,426				87,426
Central Services	135,943				135,943
Admin. Info. Technology	10,997				10,997
Plant Operations and Maintenance	431,593				431,593
Pupil Transportation	242,528				242,528
Employee Benefits	1,198,301				1,198,301
Debt Service:					
Principal				150,000	150,000
Interest and Other Charges				54,513	54,513
Capital Outlay	8,199				8,199
Total Expenditures	6,402,240	264,608	-	204,513	6,871,361
Excess (Deficiency) of Revenues					
Over Expenditures	153,286	-	-	(12,951)	140,335
OTHER FINANCING SOURCES (USES)					
Transfers in					-
Transfers out					-
Total other financing sources and uses	-	-	-	-	-
SPECIAL ITEM					
Proceeds from sale of land					
Net Change in Fund Balances	153,286	-	-	(12,951)	140,335
Fund Balance—July 1	3,304,165		14,966	13,110	3,332,241
Fund Balance—June 30	3,457,451	-	14,966	159	3,472,576

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

**Spring Lake School District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)	140,335
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation expense (169,614) Depreciable Capital outlays <u>4,381</u>	(165,233)
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>	
Principal Payments	150,000
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>	
Increase in compensated absences payable	(6,517)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition to the reconciliation.</p>	
Prior Year Accrued Interest Current Year Accrued Interest	14,587 (14,587)
Change in net assets of governmental activities	<u>118,585</u>

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

**Spring Lake School District
Statement of Net Assets
Proprietary Funds
June 30, 2011**

	Business-Type Activities - Enterprise Fund	
	Food Service Program	Total Enterprise Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	2,575	2,575
Total Current Assets	2,575	2,575
Noncurrent Assets:		
Capital Assets:		
Equipment	7,801	7,801
Less Accumulated Depreciation	(7,801)	(7,801)
Total Capital Assets (Net of Accumulated Depreciation)	-	-
Total Assets	2,575	2,575
NET ASSETS		
Invested in Capital Assets Net of Related Debt	-	-
Unrestricted	2,575	2,575
Total Net Assets	2,575	2,575

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

Spring Lake School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund	
	Food Service Program	Total Enterprise Fund
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	6,031	6,031
Total Operating Revenues	6,031	6,031
 Operating Expenses:		
Cost of Sales	6,222	6,222
Supplies and Materials	29	29
Depreciation Expense	471	471
Total Operating Expenses	6,722	6,722
Operating Income (Loss)	(691)	(691)
 Transfers In (Out)		
Change in Net Assets	(691)	-
Total Net Assets—Beginning	3,266	3,266
Total Net Assets—Ending	2,575	2,575

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

**Spring Lake School District
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011**

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	6,031	6,031
Payments to Vendors	(7,228)	(7,228)
Net Cash Provided by (Used for) Operating Activities	(1,197)	(1,197)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	353	353
Net Cash Provided by (Used for) Non-Capital Financing Activities	353	353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	-
Net Cash Provided by (Used for) Capital Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(844)	(844)
Balances—Beginning of Year	3,419	3,419
Balances—End of Year	2,575	2,575
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(691)	(691)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Accounts Payable	(977)	(977)
Depreciation Expense	471	471
Total Adjustments	(506)	(506)
Net Cash Provided by (Used for) Operating Activities	(1,197)	(1,197)

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

Spring Lake School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund	Student Activity Fund
ASSETS				
Cash and Cash Equivalents	2,174	1,126	12,678	22,305
Due from Payroll Agency	1,905			
Total Assets	<u>4,079</u>	<u>-</u>	<u>12,678</u>	<u>22,305</u>
LIABILITIES				
Payable to student groups				22,305
Payroll deductions and withholdings			10,773	
Due to Unemployment Trust Fund			1,905	
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,678</u>	<u>22,305</u>
NET ASSETS				
Held in trust for unemployment claims and other purposes	<u>4,079</u>			
Reserved for Scholarships		<u>1,126</u>		

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

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Unemployment Compensation Trust Fund	Scholarship Fund	Student Activity Fund	Payroll and Payroll Agency Fund
ADDITIONS				
Contributions:				
Plan Member	\$ 8,391			
Employee wages and deductions				3,198,486
Student activities			64,344	
District Contribution	20,000			
Total Contributions	<u>28,391</u>	<u>0</u>	<u>64,344</u>	<u>3,198,486</u>
Investment earnings:				
Net investment earnings	17	2		
Total additions	<u>28,408</u>	<u>2</u>	<u>64,344</u>	<u>3,198,486</u>
DEDUCTIONS				
Student activities			68,371	
Employee wages and deductions				3,193,007
Quarterly contribution reports	26,543			
Scholarships awarded				
Total deductions	<u>26,543</u>	<u>-</u>	<u>68,371</u>	<u>3,193,007</u>
Change in net assets	1,865	2	(4,027)	5,479
Net assets - beginning of the year	2,214	1,124	26,332	7,199
Net assets - end of the year	<u>\$ 4,079</u>	<u>\$ 1,126</u>	<u>\$ 22,305</u>	<u>\$ 12,678</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education of the Borough of Spring Lake ("Board") School District (the "District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Spring Lake School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

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

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or function and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, including all taxes, are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

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

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets.

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Agency Funds - Agency funds are used to account for the assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(G)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Budgets/Budgetary Control: (continued)

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

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

E. Encumbrances:

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

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

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

F. Cash, Cash Equivalents and Investments:

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Cash, Cash Equivalents and Investments: (continued)

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

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Revenues/Receivable:

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

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 2011 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board currently maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Compensated Absences:

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2011, cash and cash equivalents of the Board consisted of the following:

	\$2,292,403
Checking/Money Market Accounts	
State of New Jersey Cash Management Fund	<u>704,226</u>
	<u>\$2,996,629</u>

During the period ended June 30, 2011, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was \$2,996,629 and the bank balance was \$3,241,680. The entire balance was covered by federal depository insurance and the collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments (established in New Jersey Statutes 18A:20-37) are treated as cash equivalents. As of June 30, 2011, \$-0- of the Board's bank balance of \$3,241,680 was exposed to custodial credit risk.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A-37 limit the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified by the Statutes. The type of allowance investments are Bonds of the United States of America or local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2011, the District has \$704,226 on deposit with the New Jersey Cash Management Fund.

NOTE 4. RECEIVABLES:

Receivables at June 30, 2011, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$236,395		\$236,395
Federal Aid	38,756	\$	38,756
Other	<u>288,604</u>	_____	<u>288,604</u>
Gross receivables	563,755	_____	563,755
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$563,755</u>	<u>\$</u>	<u>\$563,755</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances at June 30, 2011.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/11</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$492,117			\$492,117
Construction in Progress	<u> </u>	\$ <u> </u>	\$ <u> </u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>492,117</u>	<u> </u>	<u> </u>	<u>492,117</u>
Capital Assets Being Depreciated				
Buildings and Improvements	4,730,815			4,730,815
Furniture, Equipment and Vehicles	<u>649,348</u>	<u>4,381</u>	<u> </u>	<u>653,729</u>
Total Capital Assets, Being Depreciated	<u>5,380,163</u>	<u>4,381</u>	<u> </u>	<u>5,384,544</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,750,390)	(105,422)		(2,855,812)
Furniture, Equipment and Vehicles	<u>(260,123)</u>	<u>(64,192)</u>	<u> </u>	<u>(324,315)</u>
Total Accumulated Depreciation	<u>(3,010,513)</u>	<u>(169,614)</u>	<u> </u>	<u>(3,180,127)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,369,650</u>	<u>(165,233)</u>	<u> </u>	<u>2,204,417</u>
Governmental Activities Capital Assets, Net	<u>2,861,767</u>	<u>(165,233)</u>	<u> </u>	<u>2,696,534</u>
Business-Type Activity				
Machinery and Equipment	<u>7,801</u>	<u> </u>	<u> </u>	<u>7,801</u>
Totals	<u>7,801</u>	<u> </u>	<u> </u>	<u>7,801</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(7,330)</u>	<u>(471)</u>	<u> </u>	<u>(7,801)</u>
Total Accumulated Depreciation	<u>(7,330)</u>	<u>(471)</u>	<u> </u>	<u>(7,801)</u>
Business-Type Activity Capital Assets, Net	<u>\$471</u>	<u>(\$471)</u>	\$ <u> </u>	<u>\$0</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated depreciation".

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 7. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2011 are as follows:

	<u>Balance</u> <u>6/30/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/11</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences payable	\$212,596	\$16,077	\$9,560	\$219,113	
Bonds payable	<u>1,595,000</u>	<u> </u>	<u>150,000</u>	<u>1,445,000</u>	<u>\$155,000</u>
	<u>\$1,807,596</u>	<u>\$16,077</u>	<u>\$159,560</u>	<u>\$1,664,113</u>	<u>\$155,000</u>

A. Bonds Payable:

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

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

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$155,000	\$50,012	\$205,012
2013	160,000	45,362	205,362
2014	165,000	40,562	205,562
2015	165,000	35,406	200,406
2016	165,000	30,044	195,044
2017-2020	<u>635,000</u>	<u>62,276</u>	<u>697,276</u>
Total	<u>\$1,445,000</u>	<u>\$263,662</u>	<u>\$1,708,662</u>

On September 30, 2008, the District refunded \$1,515,000 School Bonds, Series 2000 and issued \$1,625,000 Refunding School Bonds. The refunding resulted in a savings of \$96,980.62, throughout the life of the Bonds, and a net present value savings of \$85,434.01 or 5.26% of the refunding bonds.

B. Bonds and Notes Authorized But Not Issued:

As of June 30, 2011, the District had no authorized but not issued bonds.

C. Capital Leases

The District has no capital leases outstanding at June 30, 2011.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 8. PENSION PLANS:

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

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

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

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 8. PENSION PLANS: (continued)

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year Ending	
6/30/11	\$51,662
6/30/10	39,629
6/30/09	31,491

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal pension, medical post retirement benefits and NCGI Premiums were as follows:

Year Ending	Pension Contributions	Post- Retirement Medical Contributions	NCGI Premiums
6/30/11	\$ -0-	\$127,784	\$6,016
6/30/10	-0-	116,463	6,201
6/30/09	-0-	115,772	6,069

During the year ended June 30, 2011, the State of New Jersey contributed \$133,800 to the TPAF for NCGI Premium contributions and post-retirement medical benefits on behalf of the Board, \$6,016 was for NCGI Premium contributions and \$127,784 was for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$162,339 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board offered the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 9. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

NOTE 10. DEFERRED COMPENSATION:

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

Lincoln Investment Planning, Inc.
Reliastar Life Insurance

The Variable Annuity Life Insurance Co.
The Equitable

NOTE 11. RISK MANAGEMENT:

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

Property and Liability Insurance - The District maintains insurance coverage through the New Jersey Boards Association Insurance Group (NJSBAIG), the state's largest school board insurance group.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 11. RISK MANAGEMENT: (continued)

NJSBAIG provides coverage for workers' compensation, general and auto liability, property damage, crime, bonds, boiler and machinery, umbrella excess catastrophe, and school boards officials' errors and omissions. Reinsurance has been purchased by NJSBAIG to cap losses retained by the group. Retention levels have been set on a "per accident" basis. NJSBAIG encourages loss control among the school districts by giving cost reductions for good loss history and uses individual experience modifications in the calculation of premiums.

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

<u>Fiscal Year</u>	Employee Contributions/ Interest Earnings/ District <u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$28,408	\$26,543	\$4,079
2009-2010	13,315	16,835	2,214
2008-2009	3,940	5,815	5,734

NOTE 12. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Borough of Spring Lake Board of Education by inclusion of \$100 on September 25, 2000 and has since increased the reserve by additional budget appropriations and by the interest earned on investments for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$350,888
Interest Earnings	<u>3,045</u>
Ending balance, June 30, 2011	<u>\$353,933</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$587,500. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 13. FUND BALANCE APPROPRIATED:

General Fund - Of the \$3,457,451 General Fund fund balance at June 30, 2011, \$111,125 is reserved for encumbrances; \$157,000 has been legally reserved for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$368,652 has been legally established as a maintenance reserve in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c.73; \$250,000 has been legally established as an emergency reserve in accordance with N.J.S.A. 18A:7F-41c(1); \$1,918,319 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$918,201 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$353,933 has been reserved in the Capital Reserve Account; \$5,284 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$293,138 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2011 of \$159 is restricted for the payment of debt service.

NOTE 14. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$1,918,319 of which \$1,000,118 is the result of current year operations.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 15. CONTINGENT LIABILITIES:

The Board and the Board's attorney advises us that there are no pending or threatened litigation, unasserted claims or assessments. However, there are two potential matters relating to special education tuitions that may exceed \$56,000.00

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	5,969,135		5,969,135	5,969,135	21,836
Miscellaneous				21,836	
Total - Local Sources	5,969,135		5,969,135	5,990,971	21,836
State Sources:					
Extraordinary Aid		193,257	193,257	233,785	40,528
Non-public Transportation Aid				2,610	2,610
TPAF Post Retirement Medical and Pension (On-Behalf - Non-Budgeted)				127,784	127,784
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				6,016	6,016
TPAF Social Security (Reimbursed - Non-Budgeted)				162,339	162,339
Total - State Sources		193,257	193,257	532,534	339,277
TOTAL REVENUES	5,969,135	193,257	6,162,392	6,523,505	361,113

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool Salaries of Teachers	55,000		55,000	54,750	250
Kindergarten - Salaries of Teachers	163,212		163,212	160,393	2,819
Grades 1-5 - Salaries of Teachers	624,995	(18,545)	606,450	599,175	7,275
Grades 6-8 - Salaries of Teachers	450,565	(24,550)	426,015	415,803	10,212
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	4,204	5,704	5,704	
Purchased Professional-Educational Services		6,000	6,000	6,000	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	43,469	2,000	45,469	43,051	2,418
Purchased Professional-Educational Services	4,000		4,000	4,000	
Purchased Technical Services	24,236		24,236	21,333	2,903
Other Purchased Services (400-500 series)	3,250		3,250	919	2,331
General Supplies	120,000	5,688	125,688	87,862	37,826
Textbooks	6,000	(4,000)	2,000	1,486	514
Other Objects	10,780	2,000	12,780	11,656	1,124
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,507,007	(27,203)	1,479,804	1,408,132	71,672
Special Education Instruction - Resource Room/Resource Center					
Salaries of Teachers	254,637	16,945	271,582	253,120	18,462
Other salaries for instruction	20,108	24,946	45,054	22,083	22,971
General Supplies	2,700		2,700	943	1,757
Total Resource Room/Resource Center	277,445	41,891	319,336	276,146	43,190
TOTAL SPECIAL EDUCATION - INSTRUCTION	277,445	41,891	319,336	276,146	43,190

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial Instruction					
Salaries of Teachers	30,240		30,240	26,604	3,636
Total Basic Skills/Remedial - Instruction	30,240		30,240	26,604	3,636
School-Sponsored Cocurricular Activities - Instruction					
Salaries	29,500	(500)	29,000	24,135	4,865
Other Objects	350	500	850	399	451
Total School-Sponsored Cocurricular Activities - Instruction	29,850		29,850	24,534	5,316
School-Sponsored Athletics - Instruction					
Salaries	21,251		21,251	19,405	1,846
Purchased Services (300-500 series)	5,051		5,051	4,836	215
Other Objects	4,000		4,000	2,802	1,198
Total School-Athletics - Instruction	30,302		30,302	27,043	3,259
Total Instructional Programs - Instruction	90,392		90,392	78,181	12,211
TOTAL INSTRUCTION	1,874,844	14,688	1,889,532	1,762,459	127,073

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	888,938		888,938	886,177	2,761
Tuition to Other LEAs Within the State - Special	74,678		74,678	48,159	26,519
Tuition to County Voc. School Dist. - Regular	87,000		87,000	56,260	30,740
Tuition to County Voc. School Dist. - Special	750		750	750	
Tuition to Private Schools for the Disabled - Within State	267,800	5,000	272,800	267,897	4,903
Tuition to Private Schools Disabled & Other LEA's O/S St.	350,960	136,857	487,817	231,503	256,314
Total Undistributed Expenditures - Instruction:	1,670,126	141,857	1,811,983	1,490,746	321,237
Undist. Expend. - Attendance & Social Work					
Salaries	19,000	292	19,292	19,291	1
Purchased Professional and Technical Services	3,500	(100)	3,400	3,400	
Supplies and Materials	200	(192)	8		8
Total Undist. Expend. - Attendance & Social Work	22,700		22,700	22,691	9
Undist. Expend. - Health Services					
Salaries	69,392		69,392	57,710	11,682
Purchased Professional and Technical Services	5,389		5,389	2,002	3,387
Supplies and Materials	800	145	945	923	22
Other Objects	400	(145)	255	129	126
Total Undistributed Expenditures - Health Services	75,981		75,981	60,764	15,217
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries	112,633		112,633	97,442	15,191
Purchased Professional - Educational Services	62,000	(3,033)	58,967	47,210	11,757
Supplies and Materials	800		800	515	285
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	175,433	(3,033)	172,400	145,167	27,233
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.					
Salaries	61,465		61,465	56,046	5,419
Purchased Professional - Educational Services	18,000		18,000	7,409	10,591
Supplies and Materials	500		500	435	65
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	79,965		79,965	63,890	16,075
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	23,588	124	23,712	13,088	10,624
Salaries of Secretarial and Clerical Assistants	14,519		14,519	14,519	
Supplies and Materials	250		250	199	51
Total Undist. Expend. - Other Supp. Serv. Students-Regular	38,357	124	38,481	27,806	10,675

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	78,976		78,976	75,030	3,946
Salaries of Secretarial and Clerical Assistants	38,085	(100)	37,985	37,891	94
Purchased Professional - Educational Services	1,000		1,000	700	300
Other Purchased Prof. And Tech Services	1,000		1,000		1,000
Supplies and Materials	2,000	100	2,100	1,966	134
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Other Supp. Serv. Students-Special	122,061		122,061	115,587	6,474
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	189,854		189,854	185,772	4,082
Salaries of Other Professional Staff	9,800	3,000	12,800	12,628	172
Salaries of Secretarial and Clerical Assistants	43,140		43,140	42,318	822
Supplies and Materials	1,600		1,600	701	899
Other Objects	3,500		3,500	1,780	1,720
Total Undist. Expend. - Improvement of Inst. Services	247,894	3,000	250,894	243,199	7,695
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	66,832	106	66,938	66,938	
Salaries of Technology Coordinators	67,000	(106)	66,894	65,978	916
Purchased Professional - Technical Services	29,387		29,387	28,987	400
Supplies and Materials	56,090	327	56,417	27,626	28,791
Total Undist. Expend. - Educational Media Serv./Sch. Library	219,309	327	219,636	189,529	30,107
Undist. Expend. - Instructional Staff Training Serv.					
Other Salaries	6,140	3,800	9,940	9,354	586
Purchased Professional - Educational Services	4,000		4,000	2,260	1,740
Other Purchased Services (400-500 series)	14,000	(3,800)	10,200	7,408	2,792
Supplies and Materials	5,000	(2,415)	2,585	2,094	491
Other Objects	500		500	54	446
Total Undist. Expend. - Instructional Staff Training Serv.	29,640	(2,415)	27,225	21,170	6,055

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	89,163		89,163	88,710	453
Legal Services	20,000	4,410	24,410	19,724	4,686
Audit Fees	12,600	(1,160)	11,440	11,440	
Other Purchased Professional Services	4,000	(2,250)	1,750	1,750	
Communications/Telephone	14,000	500	14,500	13,773	727
BOE Other Purchased Services	2,500		2,500	200	2,300
Other Purchased Services (400-500 series)	5,500	(500)	5,000		5,000
General Supplies	400		400	29	371
BOE In-House Training/Meeting Supplies	500		500		500
Judgments Against the School District	30,000		30,000		30,000
Miscellaneous Expenditures	4,500		4,500	3,219	1,281
BOE Membership Dues and Fees	5,400		5,400	5,400	
Total Undist. Expend. - Supp. Serv. - General Administration	188,563	1,000	189,563	144,245	45,318
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	78,089		78,089	77,345	744
Salaries of Secretarial and Clerical Assistants	7,294		7,294	7,259	35
Supplies and Materials	400		400	522	78
Other Objects	4,000		4,000	2,500	1,500
Total Undist. Expend. - Support Serv. - School Administration	89,783		89,783	87,426	2,357
Undistributed Expenditures-Central Services					
Salaries	135,423		135,423	133,326	2,097
Other Purchased Services (400-500 series)	3,000		3,000	1,907	1,093
Supplies and Materials	300		300	115	185
Miscellaneous Expenditures	2,000		2,000	595	1,405
Total Undistributed-Central Services	140,723		140,723	135,943	4,780
Undistributed Expenditures-Admin. Info. Tech.					
Purchased Technical Services	11,241		11,241	10,634	607
Supplies and Materials	400		400	363	37
Total Undistributed Expenditures-Admin. Info. Tech.	11,641		11,641	10,997	644

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for School Facilities					
Cleaning, Repair and Maintenance Services	135,145		135,145	65,278	69,867
General Supplies	4,000		4,000	2,489	1,511
Other Objects	600		600	568	32
	<u>139,745</u>		<u>139,745</u>	<u>68,335</u>	<u>71,410</u>
Undist. Expend. - Required Maint. for School Facilities					
Undist. Expend. - Custodial Services					
Salaries	184,152	(5,081)	179,071	165,453	13,618
Purchased Professional and Technical Services	1,650		1,650	1,650	1,650
Cleaning, Repair and Maintenance Services	30,000		30,000	9,101	20,899
Insurance	34,680	111	34,791	34,791	
Miscellaneous Purchased Services	1,000		1,000	50	950
General Supplies	16,000		16,000	14,929	1,071
Energy (Energy and Electricity)	59,000		59,000	55,340	3,660
Other Objects	4,200		4,200	743	3,457
Salaries of Non-Instructional Aides	22,477		22,477	19,358	3,119
Energy (Natural Gas)	59,569		59,569	35,597	23,972
	<u>412,728</u>	<u>(4,970)</u>	<u>407,758</u>	<u>335,362</u>	<u>72,396</u>
Total Undist. Expend. - Other Oper. & Maint. Of Plant					
Undistributed Expenditures-Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	11,000		11,000	8,335	2,665
General Supplies	2,000		2,000	972	1,028
	<u>13,000</u>		<u>13,000</u>	<u>9,307</u>	<u>3,693</u>
Undistributed Expenditures-Care & Upkeep of Grounds					
Undistributed Expenditures-Security					
Salaries	20,720		20,720	16,597	4,123
Cleaning, Repair and Maintenance Services	2,000		2,000	1,992	8
	<u>22,720</u>		<u>22,720</u>	<u>18,589</u>	<u>4,131</u>
Undistributed Expenditures-Security					
Undist. Expend. - Student Transportation Services					
Salaries for Pupil Tran. (Between Home & School)-Reg.	4,950		4,950	4,948	2
Salaries for Pupil Tran. (Between Home & School)-Sp. Ed.	4,950	79	5,029	5,029	
Contract Services (Other than Between Home & School)-Vendors	16,600		16,600	13,284	3,316
Contracted Services (Regular Ed. Students)-ESCs & CTSAs	175,000	12,000	187,000	184,482	2,518
Contracted Services (Special Ed. Students)-ESCs & CTSAs	100,000	(12,000)	88,000	31,401	56,599
Contracted Services - Aid in Lieu of Payments	22,850	2,573	25,423	3,384	22,039
	<u>324,350</u>	<u>2,652</u>	<u>327,002</u>	<u>242,528</u>	<u>84,474</u>

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Regular Programs Instruction-Employee Benefits					
Health Benefits	324,864	48,000	372,864	336,077	36,787
Tuition Reimbursements	8,000	(6,000)	2,000	1,290	710
Unemployment Benefits					
Total Regular Programs Instruction-Employee Benefits	332,864	42,000	374,864	337,367	37,497
Special Programs-Instruction-Employees Benefits					
Unemployment Comp.	24,880		24,880	8,000	16,880
Health Benefits	105,000		105,000	76,290	28,710
Other Benefits	15,000		15,000		15,000
Total Special Programs-Instruction-Employees Benefits	144,880		144,880	84,290	60,590
Health Services-Employee Benefits					
Health Benefits	28,000		28,000	27,533	467
Total Health Services-Employee Benefits	28,000		28,000	27,533	467
Other Support Serv.-Students-Related Services-Employee Benefits					
Health Benefits	28,000	3,033	31,033	31,033	
Total Other Support Serv.-Students-Related Services-Employee Benefits	28,000	3,033	31,033	31,033	
Other Support Serv.-Students-Extraordinary Service-Employee Benefits					
Health Benefits	15,000		15,000	12,129	2,871
Total Other Support Serv.-Students-Extraordinary Service-Employee Benefits	15,000		15,000	12,129	2,871
Other Support Serv.-Guidance-Employee Benefits					
Health Benefits	16,535	(124)	16,411	15,863	548
Total Other Support Serv.-Guidance-Employee Benefits	16,535	(124)	16,411	15,863	548
Other Support Child Study Team-Employee Benefits					
Health Benefits	56,075		56,075	55,726	349
Total Undist. Expend. - Other Support Team-Employee Benefits	56,075		56,075	55,726	349
Improvement of Instruction Services-Employee Benefits					
Health Benefits	46,845		46,845	44,387	2,458
Total Improvement of Instruction Services-Employee Benefits	46,845		46,845	44,387	2,458

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Educational Media Services-School Library-Health Benefits					
Health Benefits	32,000		32,000	31,033	967
Total Educational Media Services-School Library-Health Benefits	32,000		32,000	31,033	967
Support Services-School Administration-Employee Benefits					
Health Benefits	28,000		28,000	26,665	1,335
Tuition Reimbursements	28,000		28,000	26,665	1,335
Total Support Services-School Administration-Employee Benefits					
Support Services-Central Services-Employee Benefits					
Health Benefits	14,895		14,895	11,093	3,802
Tuition Reimbursements	1,500		1,500	1,500	1,500
Total Support Services-Central Services-Employee Benefits	16,395		16,395	11,093	5,302
Operation and Maintenance of Plant Services-Health Benefits					
Social Security Contributions	17,392	800	18,192	18,172	20
Other Retirement Contributions-Regular	47,381	4,281	51,662	51,662	
Unemployment Compensation	12,000		12,000	12,000	
Health Benefits	82,555	(111)	82,444	69,243	13,201
Total Operation and Maintenance of Plant Services-Health Benefits	159,328	4,970	164,298	151,077	13,221
UNALLOCATED BENEFITS					
Social Security Contributions	49,000	(3,209)	45,791	39,757	6,034
Workmen's Compensation	24,000	10,209	34,209	34,209	
Tuition Compensation	7,000	(7,000)			
TOTAL UNALLOCATED BENEFITS	80,000		80,000	73,966	6,034
On-behalf TPAF Post Retirement Medical (non-budgeted)				127,784	(127,784)
On-behalf TPAF NCGI Premium (non-budgeted)				6,016	(6,016)
Reimbursed TPAF Social Security Contributions (non-budgeted)				162,339	(162,339)
TOTAL ON-BEHALF CONTRIBUTIONS				296,139	(296,139)

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	983,922	49,879	1,033,801	1,198,301	(158,484)
TOTAL UNDISTRIBUTED EXPENDITURES	5,008,641	188,421	5,197,062	4,631,582	571,496
TOTAL GENERAL CURRENT EXPENSE	6,883,485	203,109	7,086,594	6,394,041	698,569
CAPITAL OUTLAY					
Equipment	4,800		4,800	4,381	419
Undistributed Expended-Instruction	4,000		4,000	3,818	182
Undistributed Expended-Custodial Serv.	8,800		8,800	8,199	601
Total Equipment					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	1,000		1,000		1,000
Total Facilities Acquisition and Construction Services					
			1,000		1,000
TOTAL CAPITAL OUTLAY	8,800	1,000	9,800	8,199	1,601
TOTAL EXPENDITURES	6,892,285	204,109	7,096,394	6,402,240	700,170

Spring Lake School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(923,150)	(10,852)	(934,002)	121,265	1,055,267
Other Financing Sources/(Uses):					
Operating Transfer In:					
Operating Transfer Out:					
Total Other Financing Sources/(Uses):					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(923,150)	(10,852)	(934,002)	121,265	1,055,267
Fund Balance, July 1	3,336,186		3,336,186	3,336,186	
Fund Balance, June 30	<u>2,413,036</u>	<u>(10,852)</u>	<u>2,402,184</u>	<u>3,457,451</u>	<u>1,055,267</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(176,000)	(10,852)	(10,852)	(10,852)	
Budgeted Withdrawal from Tuition Reserve	(747,150)		(176,000)	(176,000)	
Budgeted Fund Balances	<u>(923,150)</u>	<u>(10,852)</u>	<u>(747,150)</u>	<u>308,117</u>	<u>1,055,267</u>
Recapitulation:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				918,201	
Reserved - Excess Surplus				1,000,118	
Maintenance Reserve				368,652	
Capital Reserve				353,933	
Emergency Reserve				250,000	
Tuition Reserve				157,000	
Committed Fund Balance:					
Year end Encumbrances				111,125	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				5,284	
Unassigned Fund Balance				293,138	
Total				<u>3,457,451</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment not recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>3,457,451</u>	

Spring Lake School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		39,135	39,135	39,135	-
State Sources	127,900	(26,489)	101,411	101,411	
Federal Sources	121,300	2,762	124,062	124,062	
Total Revenues	249,200	15,408	264,608	264,608	
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services	72,400	(12,598)	59,802	59,802	
Purchased Professional and Technical Services		3,477	3,477	3,477	
Other Purchased Services	112,500	(72,305)	40,195	40,195	
General Supplies		43,511	43,511	43,511	
Textbooks	25,500	(4,549)	20,951	20,951	
Other Objects		2,979	2,979	2,979	
Total Instruction	210,400	(39,485)	170,915	170,915	
Support Services:					
Purchased Professional & Technical Services	30,000	30,760	60,760	60,760	
Purchased Professional - Educational Services	4,400	26,790	31,190	31,190	
Purchased Technical Services					
Tuition		160	160	160	
Travel		(4,400)			
Other Purchased Services	4,400				
Travel					
Supplies & Materials		1,583	1,583	1,583	
Other Objects					
Total Support Services	38,800	54,893	93,693	93,693	
Facilities Acquisition and Const. Serv.:					
Buildings					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	249,200	15,408	264,608	264,608	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

**Spring Lake School District
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2011**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	6,523,505	264,608
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			-
Less Current Year Encumbrances			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		32,021	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).		0	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	6,555,526	264,608
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	6,402,240	264,608
Differences - budget to GAAP			
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			-
Less Current Year Encumbrances			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	6,402,240	264,608

SPECIAL REVENUE FUND

Spring Lake School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1a)	Local Grant	Improving Teachers Quality Title II Part A	IDEA PART B		Totals 2011
				Basic ARRA	Preschool ARRA	
REVENUES						
Local Sources	39,135					39,135
State Sources	101,411					101,411
Federal Sources	77,356		8,790	34,161	3,755	124,062
Total Revenues	178,767	39,135	8,790	34,161	3,755	264,608
EXPENDITURES:						
Instruction:						
Purchased Professional - Educational Services	55,022			1,025	3,755	59,802
Purchased Professional and Technical Services	2,034		1,443			3,477
Other Purchased Services (400-500 series)	40,000		195			40,195
General Supplies		36,156	7,152	203		43,511
Textbooks	20,951	2,979				26,951
Other Objects						2,979
Total Instruction	118,007	39,135	8,790	1,228	3,755	170,915
Support Services:						
Purchased Professional & Technical Services	60,760					60,760
Purchased Professional - Educational Services				31,190		31,190
Purchased Technical Services						
Tuition						
Travel				160		160
Other Purchased Services (400-500 series)						
Supplies & Materials				1,583		1,583
Other Objects						
Total Support Services	60,760	-	8,790	32,933	-	93,693
Facilities Acquisition and Const. Serv.:						
Instructional Equipment						
Total Facilities Acquisition and Const. Serv.	178,767	39,135	8,790	34,161	3,755	264,608
Total Expenditures	178,767	39,135	8,790	34,161	3,755	264,608
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

Spring Lake School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1b)	IDEA PART B				Nonpublic Textbook Aid	Home Instruction Aid	Nonpublic Nursing Aid	Total Carried Forward
		Basic	Preschool						
REVENUES									
Local Sources	50,691	73,025	4,331		20,951	2,034	27,735	101,411	
State Sources								77,356	
Federal Sources									
Total Revenues	50,691	73,025	4,331		20,951	2,034	27,735	178,767	
EXPENDITURES:									
Instruction:									
Purchased Professional - Educational Services	50,691	4,331				2,034		55,022	
Purchased Professional and Technical Services								2,034	
Other Purchased Services (400-500 series)		40,000						40,000	
General Supplies					20,951			20,951	
Textbooks									
Other Objects									
Total instruction	50,691	40,000	4,331		20,951	2,034		118,007	
Support services:									
Purchased Professional & Technical Services		33,025					27,735	60,760	
Purchased Professional - Educational Services									
Purchased Technical Services									
Tuition									
Travel									
Other Purchased Services (400-500 series)									
Supplies & Materials									
Other Objects									
Total support services		33,025					27,735	60,760	
Facilities acquisition and const. serv.:									
Instructional Equipment									
Total facilities acquisition and const. serv.									
Total Expenditures	50,691	73,025	4,331		20,951	2,034	27,735	178,767	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)									

Spring Lake School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2011

	Ch. 192 Ch. 193 - Handicapped Services				Total Carried Forward
	Aux. Services Nonpublic Compensatory Education	Nonpublic Annual Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	
REVENUES					
Local Sources	8,373		14,864	4,169	50,691
State Sources		23,285			
Federal Sources					
Total Revenues	8,373	23,285	14,864	4,169	50,691
EXPENDITURES:					
Instruction:					
Purchased Professional - Educational Services	8,373	23,285	14,864	4,169	50,691
Purchased Professional and Technical Services					
Other Purchased Services (400-500 series)					
General Supplies					
Textbooks					
Other Objects					
Total Instruction	8,373	23,285	14,864	4,169	50,691
Support Services:					
Purchased Professional & Technical Services					
Purchased Professional - Educational Services					
Purchased Technical Services					
Tuition					
Travel					
Other Purchased Services (400-500 series)					
Supplies & Materials					
Other Objects					
Total Support Services	-	-	-	-	-
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-
Total Expenditures	8,373	23,285	14,864	4,169	50,691
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

CAPITAL PROJECTS FUND

Spring Lake School District
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
 For the Year Ended June 30, 2011

Revenue and Other Financing Sources:	
State Sources-SCC Grant	-
Contribution from private sources	-
Total revenues	-
Expenditures and Other Financing Uses:	
Cancellation of State Aid Receivable	-
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	-
Fund balance-beginning	14,966
Fund balance-ending	14,966

Spring Lake School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balances, and Project Status-Budgetary Basis
 H.W. Mountz Elementary School Gym Renovation
 For the Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources-SCC Grant	84,774		84,774	85,200
Contribution from private sources	142,000		142,000	142,000
Bond Proceeds			-	
Total Revenues	<u>226,774</u>	<u>-</u>	<u>226,774</u>	<u>227,200</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Tech. Services	2,135		2,135	
Construction Services	193,338		193,338	227,200
Cancellation of Prior Year Receivables	16,335		16,335	
	<u>211,808</u>	<u>-</u>	<u>211,808</u>	<u>227,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,966</u>	<u>-</u>	<u>14,966</u>	<u>-</u>

PROPRIETARY FUNDS

**Spring Lake School District
Combining Statement of Net Assets
Enterprise Funds
June 30, 2011**

	Food Service Program	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	2,575	2,575
Total Current Assets	2,575	2,575
Noncurrent Assets:		
Capital Assets:		
Equipment	7,801	7,801
Less Accumulated Depreciation	(7,801)	(7,801)
Total Capital Assets (Net of Accumulated Depreciation)	-	-
Total Assets	2,575	2,575
Net Assets:		
Invested in Capital Assets Net of Related Debt	-	-
Unrestricted	2,575	2,575
Total Net Assets	2,575	2,575

Spring Lake School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended June 30, 2011

	Food Service Program	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	6,031	6,031
Total Operating Revenues	6,031	6,031
 Operating Expenses:		
Cost of Sales	6,222	6,222
Supplies and Materials	29	29
Depreciation Expense	471	471
Total Operating Expenses	6,722	6,722
Operating Income (Loss)	(691)	(691)
 Transfers In (Out)		-
Change in Net Assets	(691)	(691)
Total Net Assets—Beginning	3,266	3,266
Total Net Assets—Ending	2,575	2,575

Spring Lake School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2011

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	6,031	6,031
Payments to Vendors	(7,228)	(7,228)
Net Cash Provided by (Used for) Operating Activities	(1,197)	(1,197)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from Other Funds	353	353
Net Cash Provided by (Used for) Non-Capital Financing Activities	353	353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	-
Net Cash Provided by (Used for) Capital Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(844)	(844)
Balances—Beginning of Year	3,419	3,419
Balances—End of Year	2,575	2,575
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(691)	(691)
Accounts Payable	(977)	(977)
Depreciation Expense	471	471
Total Adjustments	(1,197)	(1,197)
Net Cash Provided by (Used for) Operating Activities	(1,197)	(1,197)

FIDUCIARY FUND

Spring Lake School District
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust Fund</u>	<u>Student Activity Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS				
Cash and cash equivalents	\$ 2,174	\$ 22,305	\$ 1,126	\$ 12,678
Due from Payroll Agency	<u>\$ 1,905</u>			
Total assets	<u>4,079</u>	<u>22,305</u>	<u>1,126</u>	<u>12,678</u>
LIABILITIES				
Payable to student groups		22,305		
Payroll deductions and withholdings				10,773
Due to Unemployment Compensation Trust				<u>1,905</u>
Total liabilities	<u>-</u>	<u>22,305</u>	<u>-</u>	<u>12,678</u>
NET ASSETS				
Held in trust for unemployment claims and other purposes	<u>\$ 4,079</u>			
Reserved for Scholarships			<u>\$ 1,126</u>	

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	\$ 8,391	
District Contribution	\$ 20,000	
Total Contributions	28,391	-
Investment earnings:		
Interest		
Net investment earnings	17	2
Total additions	28,408	2
DEDUCTIONS		
Quarterly contribution reports	26,543	
Scholarships awarded		
Total deductions	26,543	-
Change in net assets	1,865	2
Net assets - beginning of the year	2,214	1,124
Net assets - end of the year	\$ 4,079	\$ 1,126

**Spring Lake School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Adjustments</u>	<u>Balance June 30, 2011</u>
ELEMENTARY SCHOOLS:					
General	964	247	187		1,024
Student Council	1,943	7,625	6,125		3,443
Yearbook	9,527	10,552	19,925		154
8th Grade	11,723	40,649	35,269	(1,423)	15,680
Reading Fund	3				3
Tree Fund	40				40
Loaner Books	309				309
Agriculture Fund	53				53
8th Grade I/C	-				-
Art Fund	746				746
Com to Ed	450		50		400
School Store	-				-
Recycle	-	68			68
Natl Jr Honor Society	504	1,639	1,846		297
Homeowners	-	250	250		-
Band/Chorus	180				180
Bowling	(110)				(92)
	<u>26,332</u>	<u>64,344</u>	<u>66,948</u>	<u>(1,423)</u>	<u>22,305</u>

**Spring Lake School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2011</u>
Net Payroll	-	1,884,242	1,884,242	-
Payroll Deductions and Withholdings	7,199	1,314,244	1,308,765	12,678
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>7,199</u>	<u>3,198,486</u>	<u>3,193,007</u>	<u>12,678</u>

LONG-TERM DEBT

Spring Lake School District
 General Long Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2011

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
School District Refunding Bonds	3/15/2000	\$ 1,625,000	3/15/2012	155,000	3.000%				
			3/15/2013	160,000	3.000%				
			3/15/2014	165,000	3.125%				
			3/15/2015	165,000	3.250%				
			3/15/2016	165,000	3.375%				
			3/15/2017	165,000	3.500%				
			3/15/2018	160,000	3.625%				
			3/15/2019	105,000	4.000%				
			3/15/2019	50,000	5.000%				
			3/15/2020	155,000	4.000%				
						1,595,000		150,000	1,445,000
						1,595,000		150,000	1,445,000

Spring Lake School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	128,470		128,470	128,470	-
Miscellaneous				73	73
State Sources:					
Debt Service Aid Type II	63,019		63,019	63,019	-
Total - State Sources	63,019	-	63,019	63,019	-
Total Revenues	191,489	-	191,489	191,562	73
EXPENDITURES:					
Regular Debt Service:					
Interest	54,513		54,513	54,513	-
Redemption of Principal	150,000		150,000	150,000	-
Total Regular Debt Service	204,513	-	204,513	204,513	-
Total expenditures	204,513	-	204,513	204,513	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,024)	-	(13,024)	(12,951)	73
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(13,024)	-	(13,024)	(12,951)	73
Fund Balance, July 1	13,110		13,110	13,110	-
Fund Balance, June 30	86		86	159	73
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,024)	-	(13,024)	(12,951)	73
Budgeted Fund Balance					

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
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J-5	General Fund Other Local Revenue by Source

Revenue Capacity

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Debt Capacity

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Demographic and Economic Information

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Net Assets by Component

Last Six Fiscal Years

(accrual basis of accounting)

Unaudited

	Fiscal Year Ending June 30,					
	2006	2007	2008	2009	2010	2011
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	907,215	862,979	1,024,812	1,007,068	1,266,767	1,251,534
Restricted	1,091,789	2,071,050	3,177,391	2,768,974	2,878,792	3,179,438
Unrestricted	60,565	338,599	188,025	444,423	226,266	59,438
Total Governmental Activities Net Assets	2,059,569	3,272,628	4,390,228	4,220,465	4,371,825	4,490,410
Business-type Activities						
Invested in Capital Assets, Net of Related Debt	1,197	800	2,143	1,307	471	-
Restricted	-	-	-	-	-	-
Unrestricted	3,953	4,099	1,517	2,327	2,795	2,575
Total Business-type Activities Net Assets	5,150	4,899	3,660	3,634	3,266	2,575
District-wide						
Invested in Capital Assets, Net of Related Debt	908,412	863,779	1,026,955	1,008,375	1,267,238	1,251,534
Restricted	1,091,789	2,071,050	3,177,391	2,768,974	2,878,792	3,179,438
Unrestricted	64,518	342,698	189,542	446,750	229,061	62,013
Total District Net Assets	2,064,719	3,277,527	4,393,888	4,224,099	4,375,091	4,492,985

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,					
	2006	2007	2008	2009	2010	2011
Expenses						
Governmental Activities:						
Instruction:						
Regular	1,693,322	1,815,005	1,850,184	1,891,301	1,987,368	1,922,931
Special Education	265,001	340,295	220,144	315,921	366,556	360,436
Other Special Instruction						
Other Instruction	33,911	41,966	44,025	50,077	46,519	78,181
Support Services:						
Tuition	2,034,176	1,666,310	1,620,480	1,734,301	1,297,325	1,490,746
Student & Instruction Related Services	784,253	696,071	926,473	1,062,707	1,209,172	1,201,200
School Administrative Services	181,161	94,653	99,326	106,884	109,809	114,091
General Administrative Services	85,437	151,661	156,740	165,172	161,833	144,245
Central Services & Admin. Info. Technology	137,027	142,412	145,228	152,915	159,432	158,033
Plant Operations and Maintenance	430,008	451,858	660,207	1,511,369	784,065	582,670
Pupil Transportation	344,982	365,674	303,745	307,908	264,900	242,528
Unallocated Benefits	387,502	541,389	556,279	332,113	349,515	370,105
Capital outlay-undepreciable	181,579	15,742			5,279	3,818
Cancellation of Prior Year Receivables		16,335				
Interest on Long-term Debt	112,680	107,202	101,451	70,457	58,566	54,513
Unallocated Depreciation	153,657	119,763	120,882	147,929	166,379	169,614
Total Governmental Activities Expenses	6,824,696	6,566,336	6,805,164	7,849,054	6,966,718	6,893,111
Business-type Activities:						
Food Service	5,480	5,799	6,622	5,411	5,625	6,722
Total Business-type Activities Expenses	5,480	5,799	6,622	5,411	5,625	6,722
Total District Expenses	6,830,176	6,572,135	6,811,786	7,854,465	6,972,343	6,899,833
Program Revenues						
Governmental Activities:						
Operating Grants and Contributions	282,291	354,339	318,133	362,220	360,184	264,608
Total Governmental Activities Program Revenues	282,291	354,339	318,133	362,220	360,184	264,608

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
Unaudited

	2006	2007	2008	2009	2010	2011
Business-type Activities:						
Charges for Services:						
Food Service	2,488	2,550	2,370	5,385	5,257	6,031
Operating Grants and Contributions	3,025	2,998	3,013			
Total Business-type Activities Program Revenues	5,513	5,548	5,383	5,385	5,257	6,031
Total District Program Revenues	287,804	359,887	323,516	367,605	365,441	270,639
Net (Expense)/Revenue						
Governmental Activities	(6,542,405)	(6,211,997)	(6,487,031)	(7,486,834)	(6,606,534)	(6,628,503)
Business-type Activities	33	(251)	(1,239)	(26)	(368)	(691)
Total District-wide Net Expense	(6,542,372)	(6,212,248)	(6,488,270)	(7,486,860)	(6,606,902)	(6,629,194)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property Taxes Levied for General Purposes	5,524,048	6,137,862	6,340,311	6,340,311	5,823,546	5,969,135
Taxes Levied for Debt Service	136,494	135,729	134,699	128,224	133,279	128,470
Unrestricted Federal and State Aid	915,920	977,067	1,014,056	877,470	696,764	564,555
Interest on Investments	35,555	98,130	96,240	9,784	9,784	6,304
Miscellaneous Income	69,623	76,268	19,325	81,492	94,521	78,624
Cancellation of accounts receivable				(426)		
Loss on refunding of long-term debt				(110,000)		
Transfers						
Total Governmental Activities	6,681,640	7,425,056	7,604,631	7,317,071	6,757,894	6,747,088
Business-type Activities:						
Miscellaneous Income						
Transfers						
Total Business-type Activities						
Total District-wide	6,681,640	7,425,056	7,604,631	7,317,071	6,757,894	6,747,088
Change in Net Assets						
Governmental Activities	139,235	1,213,059	1,117,600	(169,763)	151,360	118,585
Business-type Activities	33	(251)	(1,239)	(26)	(368)	(691)
Total District	139,268	1,212,808	1,116,361	(169,789)	150,992	117,894

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Fund Balances Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,					
	2006	2007	2008	2009	2010	2011
General Fund						
Reserved	1,040,855	2,047,379	3,153,817	2,839,879	2,850,716	
Unreserved	246,284	412,520	392,496	532,896	453,449	
Restricted						3,047,904
Committed						111,125
Assigned						5,284
Unassigned						293,138
Total General fund	<u>1,287,139</u>	<u>2,459,899</u>	<u>3,546,313</u>	<u>3,372,775</u>	<u>3,304,165</u>	<u>3,457,451</u>
All Other Governmental Funds						
Restricted, Reported in:						
Capital Projects Fund						14,966
Debt Service Fund						159
Unreserved, Reported in:						
Capital Projects Fund	49,133	20,873	15,392	14,966	14,966	
Debt Service	1,801	2,798	8,182	14,129	13,110	
Total Business-type Activities Net Assets	<u>50,934</u>	<u>23,671</u>	<u>23,574</u>	<u>29,095</u>	<u>28,076</u>	<u>15,125</u>

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Governmental Fund Expenditures by Function
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax Levy	4,042,279	4,468,025	4,920,908	5,203,182	5,660,542	6,273,591	6,475,010	6,468,535	5,956,825	6,097,605
Other Local Revenue	30,755	22,990	34,481	204,344	105,178	190,777	128,167	139,191	105,208	124,063
State Sources	813,386	848,335	1,037,929	1,055,675	1,098,760	1,165,790	1,176,737	1,052,731	848,247	665,966
Federal Sources	75,570	85,769	97,023	90,693	99,451	149,238	142,850	129,260	207,798	124,062
Total Revenues	4,961,990	5,425,119	6,090,341	6,553,894	6,963,931	7,779,396	7,922,764	7,785,717	7,118,078	7,011,696
Expenditures										
Instruction:										
Regular	1,454,544	1,451,630	1,455,854	1,450,373	1,385,071	1,503,271	1,517,239	1,560,249	1,601,758	1,579,047
Special	136,712	163,348	239,088	271,601	232,347	274,313	201,838	232,226	273,298	276,146
Other Special Instruction	20,736	20,736	42,405	49,216	33,911	41,966	44,025	50,077	46,519	78,181
Other Instruction	35,939	36,623								
Support Services:										
Instruction - Tuition	1,073,508	1,268,580	1,579,025	1,593,591	2,034,176	1,568,317	1,620,480	1,734,301	1,297,325	1,490,746
Student Related Services	307,239	372,473	404,727	669,034	649,719	741,775	816,581	955,299	1,023,734	983,496
Instructional Staff	85,050	77,450								
General Administration	146,243	155,895	131,724	154,826	176,751	151,661	156,740	165,172	161,833	144,245
School Administration	121,368	127,184	152,748	84,964	80,527	70,954	74,311	80,838	83,318	87,426
Central Services & Admin. Info. Technology				118,218	124,500	125,633	129,506	134,393	140,682	146,940
Operations and Maintenance	317,415	335,180	321,908	342,967	366,615	388,709	571,565	1,392,741	660,148	431,593
Student Transportation	331,665	345,472	345,390	336,161	344,982	365,674	303,745	307,908	264,900	242,528
Business and Other Support Services	104,915	129,130	170,765							
Cancellation of Prior Year Receivables	529,178	710,733	792,612	878,624	944,331	1,120,871	1,124,517	1,023,208	1,140,747	1,198,301
Employee Benefits	665,456	160,395	12,766	54,227	195,923	50,565	62,715	115,185	286,357	8,199
Capital Outlay		1,200								
Debt Service:										
Principal	80,000	85,000	90,000	95,000	100,000	105,000	110,000	125,000	145,000	150,000
Interest and Other Charges	133,155	128,835	124,244	119,385	114,255	108,855	103,185	80,711	62,088	54,513
Total Governmental Fund Expenditures	5,543,123	5,569,864	5,863,256	6,218,187	6,783,108	6,633,899	6,836,457	7,957,734	7,187,707	6,871,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(581,133)	(144,745)	227,085	335,707	180,823	1,145,497	1,086,317	(168,017)	(69,629)	140,335
Other Financing Sources (Uses)										
Operating Transfers In	10,224	1,228	284				5,481			
Operating Transfers Out	(10,224)	(1,228)	(284)				(5,481)			
Proceeds from Borrowing										
Funding of Temporary Notes										
Capital Leases (non-budgeted)										
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	(581,133)	(144,745)	227,085	335,707	180,823	1,145,497	1,086,317	(168,017)	(69,629)	140,335
Debt Service as a percentage of noncapital expenditures	4.37%	3.95%	3.66%	3.48%	3.25%	3.25%	3.15%	2.62%	2.88%	2.98%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Tuition	Interest Income	Miscellaneous	Total
2002	0	12,761	0	12,761
2003	0	8,316	0	8,316
2004	0	2,644	0	2,644
2005	15,485	5,558	0	21,043
2006	31,474	35,555	0	67,029
2007	28,729	98,130	45,943	172,802
2008	19,325	95,135	0	114,460
2009	14,050	60,952	0	75,002
2010	11,300	9,698	10,517	31,515
2011	9,102	6,231	6,503	21,836

Source: District records.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Assessed and Estimated Actual Value of Taxable Property										Less: Tax Exempt Property	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	a		b					
2001	20,586,700	975,363,500	0	80,563,300	0	1,095,900	1,077,609,400	3,108,777	1,080,718,177	1,221,267,070	0.365				
2002	26,202,400	986,701,200	0	72,833,600	0	1,095,900	1,086,833,100	2,591,956	1,089,425,056	1,528,596,108	0.391				
2003	22,568,700	1,012,702,700	0	74,183,700	0	1,095,900	1,110,551,000	2,186,956	1,112,737,956	1,984,437,390	0.422				
2004	22,799,300	1,058,269,600	0	63,544,500	0	1,095,900	1,145,709,300	2,186,529	1,147,895,829	2,240,749,319	0.441				
2005	41,355,900	3,128,856,100	0	152,188,100	599,100	2,509,600	3,325,508,800	1,896,880	3,327,405,680	2,534,410,806	0.163				
2006	48,100,500	3,110,588,100	0	152,188,100	599,100	2,509,600	3,313,985,400	3,962,272	3,317,947,672	3,121,525,348	0.180				
2007	62,810,300	3,116,649,200	0	150,525,200	599,100	2,509,600	3,333,083,400	3,898,189	3,336,991,589	3,307,276,592	0.191				
2008	68,458,600	3,135,610,200	0	149,299,200	599,100	2,509,600	3,356,476,700	4,367,261	3,360,843,961	3,525,966,720	0.193				
2009	90,443,000	3,120,915,900	0	146,210,600	599,100	2,509,600	3,360,678,200	4,932,510	3,365,610,710	3,583,221,548	0.185				
2010	83,692,700	3,150,077,100	0	144,670,800	599,100	2,509,600	3,381,549,300	4,225,968	3,385,775,268	3,536,863,169	0.178				

Source: Monmouth County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

(b) Tax rates are per \$100 of assessed value.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation
Unaudited**

Assessment Year	Basic Rate ^a	General Obligation			Overlapping Rates			Total Direct and overlapping Tax Rate
		Debt Service ^b	Local School District	Regional School District	Municipality	County		
2001	0.356	0.009	0.365	0.009	0.399	0.499	1.263	
2002	0.385	0.006	0.391	0.006	0.400	0.587	1.378	
2003	0.411	0.011	0.422	0.011	0.406	0.707	1.535	
2004	0.430	0.011	0.441	0.011	0.425	0.715	1.581	
2005	0.158	0.005	0.163	0.005	0.159	0.247	0.569	
2006	0.176	0.004	0.180	0.004	0.179	0.263	0.622	
2007	0.187	0.004	0.191	0.004	0.200	0.253	0.644	
2008	0.189	0.004	0.193	0.004	0.200	0.253	0.646	
2009	0.181	0.004	0.185	0.004	0.200	0.260	0.645	
2010	0.174	0.004	0.178	0.004	0.203	0.268	0.649	

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

(a) The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Schedule of Principal Taxpayers

Unaudited

Taxpayer	2010			1999		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Spring Lake Bath/Tennis	18,957,100	1	0.57%	4,383,600	4	0.35%
Scardino T/A Breakers Hotel	16,607,400	2	0.50%	5,557,900	3	0.52%
Green Gables Trust			0.00%	3,713,200	5	0.41%
DiFeo, Samuel & Jordis	10,540,200	3	0.32%	8,874,200	1	0.83%
Bluth Real Estate	9,324,600	4	0.28%	6,189,400	2	0.58%
Marisa & Ale Corp.	7,772,100	5	0.23%	3,150,660	6	0.29%
Fitzmaurice, Christopher	7,748,200	6	0.23%	3,150,500	7	0.29%
Matthews, Kathleen	6,913,900	7	0.21%	3,099,600	8	0.29%
Files, Douglas & Kathleen	6,846,300	8	0.21%	2,608,000	9	0.24%
Lavery, John & Charlotte	6,773,700	9	0.20%	2,319,500	10	0.22%
Curto, Joseph & Deborah	6,726,200	10				
	<u>98,209,700</u>		<u>2.76%</u>	<u>43,046,560</u>		<u>4.02%</u>

Source: Municipal Tax Assessor's Office.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years
Unaudited**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	4,042,279	4,042,279	100.00%	
2003	4,468,025	4,468,025	100.00%	
2004	4,920,908	4,920,908	100.00%	
2005	5,203,182	5,203,182	100.00%	
2006	5,660,542	5,660,542	100.00%	
2007	6,273,591	6,273,591	100.00%	
2008	6,475,010	6,475,010	100.00%	
2009	6,468,535	6,468,535	100.00%	
2010	5,956,825	5,956,825	100.00%	
2011	6,097,605	6,097,605	100.00%	

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

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

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
2001	2,420,000	-	-	-	-	-	-	2,420,000	1.79%	43,435
2002	2,340,000	-	-	-	-	-	-	2,340,000	1.83%	42,821
2003	2,255,000	-	-	-	-	-	-	2,255,000	1.91%	42,965
2004	2,165,000	-	-	-	-	-	-	2,165,000	2.13%	46,069
2005	2,070,000	-	-	-	-	-	-	2,070,000	2.30%	47,694
2006	1,970,000	-	-	-	-	-	-	1,970,000	2.61%	51,437
2007	1,865,000	-	-	-	-	-	-	1,865,000	2.94%	54,801
2008	1,755,000	-	-	-	-	-	-	1,755,000	3.23%	56,755
2009	1,740,000	-	-	-	-	-	-	1,740,000	3.15%	54,771
2010	1,595,000	-	-	-	-	-	-	1,595,000	N/A	N/A
2011	1,445,000	-	-	-	-	-	-	1,445,000	N/A	N/A

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
	2001	2,420,000	-		
2002	2,340,000	-	2,340,000	0.21%	42,821
2003	2,255,000	-	2,255,000	0.20%	42,965
2004	2,165,000	-	2,165,000	0.19%	46,069
2005	2,070,000	-	2,070,000	0.06%	47,694
2006	1,970,000	-	1,970,000	0.06%	51,437
2007	1,865,000	-	1,865,000	0.06%	54,801
2008	1,755,000	-	1,755,000	0.05%	56,755
2009	1,740,000	-	1,740,000	0.05%	54,771
2010	1,595,000	-	1,595,000	0.05%	N/A
2011	1,445,000	-	1,445,000	0.04%	N/A

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

(a) See Exhibit J-6 for property tax data.

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

N/A Information was not available as of the report date.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

<u>Borough of Spring Lake</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Borough of Spring Lake 12/31/2010	\$ 5,479,783	100.000%	\$ 5,479,783
Monmouth County General Obligation Debt 12/31/2010	488,135,115	3.134%	15,298,155
			<hr/>
Subtotal, overlapping debt			20,777,938
Spring Lake School District Direct Debt			<hr/>
			1,445,000
			<hr/>
Total direct and overlapping debt			\$ 22,222,938

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

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

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

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 3,339,471,953
2009	\$ 3,506,550,710
2008	\$ 3,569,580,666
[A]	<u>\$ 10,415,603,329</u>
Average equalized valuation of taxable property	[A/3] \$ 3,471,867,776
Debt limit (4 % of average equalization value)	[B] 138,874,711 a
Total Net Debt Applicable to Limit	[C] 1,445,000
Legal debt margin	[B-C] <u>\$ 137,429,711</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Borough of Spring Lake:										
Debt limit	\$ 37,784,030	\$ 46,626,648	\$ 56,945,019	\$ 67,083,906	\$ 78,966,947	\$ 119,509,557	\$ 131,882,232	\$ 137,327,561	\$ 140,922,769	\$ 138,874,711
Total net debt applicable to limit	<u>2,340,000</u>	<u>2,255,000</u>	<u>2,165,000</u>	<u>2,070,000</u>	<u>1,970,000</u>	<u>1,865,000</u>	<u>1,755,000</u>	<u>1,740,000</u>	<u>1,595,000</u>	<u>1,445,000</u>
Legal debt margin	\$ 35,444,030	\$ 44,371,648	\$ 54,780,019	\$ 65,013,906	\$ 76,996,947	\$ 117,644,557	\$ 130,127,232	\$ 135,587,561	\$ 139,327,769	\$ 137,429,711
Total net debt applicable to the limit as a percentage of debt limit	6.19%	4.84%	3.80%	3.09%	2.49%	1.56%	1.33%	1.27%	1.13%	1.04%

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

(a) Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2001	3,580	43,435	1213.27%	1.20
2002	3,579	42,821	1196.45%	1.70
2003	3,586	42,965	1198.13%	1.70
2004	3,591	46,069	1282.90%	1.40
2005	3,561	47,694	1339.34%	4.70
2006	3,514	51,437	1463.77%	4.70
2007	3,506	54,801	1563.06%	4.30
2008	3,520	56,755	1612.36%	5.60
2009	3,542	54,771	1546.33%	9.10
2010	2,993	N/A	N/A	9.20

Source:

- (a) Population information provided by the NJ Department of Labor and Workforce Development.
- (b) Personal income has been estimated based on the municipal population and per capita personal income presented
- (c) Per capita personal income by municipality estimated based on the 2000 Census published by the US Bureau of Economic Analysis
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development

N/A Information was not available as of the report date.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

**Principal Employers
Current and Nine Years Ago
Unaudited**

Information not available

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	23.00	24.00	22.00	22.00	21.00	21.00	21.00	21.00	20.00	20.00
Special Education	4.00	5.00	4.00	5.00	4.00	4.00	3.00	3.00	3.00	3.00
Other Special Instruction	3.00	3.00	2.00	3.50	3.00	4.00	4.00	3.40	4.50	4.50
Other Instruction										
Support Services:										
Student & Instruction Related Services	5.00	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
School Administrative Services	1.00	1.00	0.80	0.80	0.80	0.80	0.80	0.80	0.70	0.70
General Administrative Services	1.00	1.00	1.00	0.80	0.80	0.80	0.80	0.80	0.70	0.70
Central Services & Admin. Info. Technology				1.50	1.50	1.50	1.50	1.50	1.60	1.60
Plant Operations and Maintenance	4.50	4.50	4.50	4.50	4.00	4.00	4.00	4.00	4.00	4.00
Pupil Transportation	1.50	1.50	1.50		0.40	0.40	0.40	0.40	0.20	0.20
Business and Other Support Services										
Special Schools										
Food Service										
Child Care										
Total	43.00	45.50	41.80	44.10	41.50	42.50	41.50	40.90	40.70	41.70

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Elementary School	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	324.0	4,718,643	9,086	5.95%	35.0	1:9:2	319	300.5	1.08%	-0.46%
2003	295.0	5,263,850	10,614	16.82%	35.0	1:10:2	293	279.9	-8.19%	-6.86%
2004	285.5	5,638,397	10,586	-0.26%	35.0	1:8:1	300	285.0	2.60%	1.82%
2005	284.5	6,003,802	12,034	13.68%	31.5	1:9:0	291	277.0	-3.03%	-2.81%
2006	279.0	6,385,305	13,868	15.24%	30.0	1:9:3	282	267.9	-3.09%	-3.29%
2007	253.0	6,391,784	16,994	22.54%	30.0	1:8:4	251	237.0	-10.97%	-11.53%
2008	253.5	6,623,262	15,191	-10.61%	30.0	1:8:5	254	240.1	1.36%	1.31%
2009	263.5	7,751,597	18,954	24.77%	30.0	1:8:8	264	251.3	3.70%	4.66%
2010	267.0	6,980,619	17,872	-5.71%	29.0	1:9:2	265	252.5	0.57%	0.48%
2011	274.0	6,666,848	N/A	N/A	29.0	1:9:45	270	258.1	1.96%	2.22%

Source:

- (a) Operating expenditures equal total expenditures less debt service.
- (b) Teaching staff includes only full-time equivalents of certificated staff.
- (c) Average daily enrollment and average daily attendance are obtained from the School Register Summary.

N/A = Data not available.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Elementary:										
H W Mountz School (1921)										
Square Feet	61,160	61,160	61,160	61,160	61,160	61,160	61,160	61,160	61,160	61,160
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	319	293	300	291	282	251	254	264	267	274
Other:										
Utility/Storage										
Square Feet	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300

Number of Schools at June 30, 2011
Elementary 1

BOROUGH OF SPRING LAKE SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Unaudited

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

<u>School Facilities</u>	<u>Project #'s</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
H W Mountz School	N/A	68,335	294,419	1,016,695	169,254	80,731	59,303	62,071	53,317
Total School Facilities		<u>68,335</u>	<u>294,419</u>	<u>1,016,695</u>	<u>169,254</u>	<u>80,731</u>	<u>59,303</u>	<u>62,071</u>	<u>53,317</u>

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Insurance Schedule
June 30, 2011
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property - Blanket Building & Contents	11,393,101	1,000
Comprehensive General Liability	11,000,000	NA
Comprehensive Automobile Liability	11,000,000	NA
Automobile Physical Damage	ACV Basis	1,000
Crime Coverage - Money Orders/Counterfeit	25,000	500
Computers and Schedule Equipment -		
Data Processing-Hardware		
Data Processing-Media/Data	405,970	1,000
Other (Audio Visual)Equip.& Software		
Boiler and Machinery - Property Damage	100,000	1,000
Umbrella Liability - Umbrella Policy		
School Board Legal Liability -		
School Leaders Errors & Omissions	\$6 mil/\$100,000/\$300,000	5,000
Public Employee Faithful Performance	25,000	500
Business Administrator Bond	89,000	500
Treasurer Bond	180,000	1000
Workers Compensation		
Covered Payrolls - Professional	2,699,437	NA
Covered Payrolls - Non-Professional	181,020	NA
Supplemental Workers Compensation	7 Days	
Builders Risk	NQ	Per Property Deduction

Source: District Records.

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Spring Lake School District in the County of Monmouth as of and for the fiscal year ended June 30, 2011 which collectively comprise the basic financial statements of the Board of Education of the Borough of Spring Lake School District in the County of Monmouth, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education of the Borough of Spring Lake School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Borough of Spring Lake School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effective of the Board of Education of the Borough of Spring Lake School District's internal control over financial reporting.

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



Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Spring Lake School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Borough of Spring Lake School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 31, 2011.

This report is intended solely for the information of management, the Borough of Spring Lake Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 31, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Borough of Spring Lake School District in the County of Monmouth with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. Borough of Spring Lake School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Spring Lake School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Spring Lake School District Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions the New Jersey State Treasury Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards, and OMB Circular A-133 and N.J. OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Spring Lake School District Board of Education'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. Our audit does not provide a legal determination on the Borough of Spring Lake School District Board of Education's compliance with those requirements.



In our opinion, the Board of Education of the Borough of Spring Lake School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education of the Borough of Spring Lake School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board of Education of the Borough of Spring Lake School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Borough of Spring Lake 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Borough of Spring Lake School District Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766

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Borough of Spring Lakes School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
I.D.E.A. Part B, Basic Regular	84.027	FT498011	126,125	9/1/10	8/31/11			51,403	(73,025)		(21,622)			
I.D.E.A. Part B, Basic Regular	84.027	FT498010	126,999	9/1/09	8/31/10	(15,175)		15,175						
ARRA- IDEA Part B, Basic	84.391	ARRA498010	156,889	7/1/09	8/31/11	(6,507)		39,260	(34,161)		(1,408)			
I.D.E.A. Part B, Preschool	84.173	PS498011	4,331	9/1/10	8/31/11			3,824	(4,331)		(507)			
I.D.E.A. Part B, Preschool	84.173	PS498010	4,135	9/1/09	8/31/10	432						432		
I.D.E.A. Part B, Preschool, Carryover	84.173	PS498005	3,800	9/1/05	8/31/06	5								5
ARRA- Preschool Grants	84.392	ARRA498010	5,680	7/1/09	8/31/11	(475)		2,015	(3,755)		(2,215)			
Title II, Part A Improving Teacher Quality	84.367A	NCLB498011	12,809	9/1/10	8/31/11			1,443	(8,790)		(7,347)			
Title II, Part A Improving Teacher Quality	84.367A	NCLB498010	10,365	9/1/09	8/31/10	(2,867)		1,967			(900)			
Title II, Part A Improving Teacher Quality	84.367A	NCLB498008	14,134	9/1/08	8/31/09	(600)		600						
Title II, Part A Improving Teacher Quality	84.367A	NCLB498005	11,393	9/1/05	8/31/06	1,580								1,580
Title IV	84.186A	NCLB498010	997	9/1/09	8/31/10	(333)		305		28				
Title IV	84.186A	NCLB498008	1,075	9/1/08	8/31/09	28				(28)				
Title IV	84.186A	NCLB498003	1,716	9/1/05	8/31/06	950								950
Title V	84.298A	NCLB498009		9/1/08	8/31/09	750							750	
Total Special Revenue Fund						(22,212)		115,992	(124,062)		(33,999)	1,182		2,535
Sub-Total Federal Financial Awards														
						(22,212)		115,992	(124,062)		(33,999)	1,182		2,535

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

Borough of Spring Lakes School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010		Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	MEMO Cumulative Total Expenditures
			From	To													
State Department of Education																	
General Fund:																	
Extraordinary Aid	11-100-034-5120-473	233,785	7/1/10	6/30/11						193,257	(233,785)		(233,785)				323,785
Extraordinary Aid	10-100-034-5120-473	193,257	7/1/09	6/30/10	(193,257)						(2,610)	(270)	(2,610)				2,610
Non-Public Transportation Aid	11-495-034-5120-014	2,610	7/1/10	6/30/11	(5,284)					5,284	(6,016)						6,016
Non-Public Transportation Aid	10-495-034-5120-014	5,284	7/1/09	6/30/10						6,016	(127,784)						127,784
NCGI Premium	11-495-034-5095-007	6,016	7/1/10	6/30/11						162,339							162,339
On Behalf TPAP Plan Retirement Medical	11-495-034-5095-001	127,784	7/1/10	6/30/11													
Reimbursed TPAP Social Security Contributions	11-495-034-5095-002	162,339	7/1/10	6/30/11													
					(198,541)					494,680	(532,534)		(236,395)				532,534
Total General Fund																	
Special Revenue Fund:																	
N.J. Nonpublic Aid	11-100-034-5120-064	24,669	7/1/10	6/30/11				270		24,669	(20,951)	(270)			3,718		20,951
Textbook Aid	10-100-034-5120-064	30,011	7/1/09	6/30/10							(8,373)	(1,440)			21,769		8,373
Auxiliary Services (Chapter 192):																	
Compensatory Education	11-100-034-5120-067	30,142	7/1/10	6/30/11				1,440		30,142	(2,094)						2,094
Home Instruction	10-100-034-5120-067	24,280	7/1/09	6/30/10					2,094								
Home Instruction	11-100-034-5120-067	2,094	7/1/10	6/30/11	(784)					784							
Nonpublic Handicapped Aid (Chapter 193):																	
Supplementary Instruction	11-100-034-5120-066	10,422	7/1/10	6/30/11				3,186		10,422	(4,169)	(3,186)			6,253		4,169
Supplementary Instruction	10-100-034-5120-066	12,743	7/1/09	6/30/10							(23,285)	(4,208)			639		23,285
Examination & Classification	11-100-034-5120-066	23,924	7/1/10	6/30/11				4,208		23,924	(14,864)				2,347		14,864
Examination & Classification	10-100-034-5120-066	36,557	7/1/09	6/30/10							(27,735)	(1)			1,495		27,735
Corrective Speech	11-100-034-5120-066	17,211	7/1/10	6/30/11						17,211							
Nursing Services Aid	11-100-034-5120-070	29,230	7/1/10	6/30/11				1		29,230							
Nursing Services Aid	10-100-034-5120-070	35,389	7/1/09	6/30/10													
Character Education Aid	04-493-034-5120-053	4,000	7/1/03	6/30/04										983			
					199			9,105		138,416	(101,411)	(9,105)		983	36,221		101,411
Total Special Revenue Fund																	
Debt Service Fund:																	
Debt Service Aid	11-495-034-5120-125	63,019	7/1/10	6/30/11						63,019	(63,019)						63,019
					(198,342)			9,105		696,115	(696,964)	(9,105)	(236,395)	983	36,221		696,964
Total State Financial Assistance																	

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Board of Education, Borough of Spring Lake School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS: (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$32,021 for the general fund and \$-0- for the special revenue fund. See *Note A* [the Notes to Required Supplementary Information] for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$564,555	\$564,555
Special Revenue Fund	\$124,062	101,411	225,473
Debt Service Fund		<u>63,019</u>	<u>63,019</u>
Total Financial Awards	<u>\$124,062</u>	<u>\$728,985</u>	<u>\$853,047</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are
not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial
statements noted? yes X no

Federal Awards

Not Applicable

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

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

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
- 2. Material weakness(es) identified? yes X no

Noncompliance material to basic financial statements noted? yes X no

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

- 1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
- 2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>11-100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>11-495-034-5095-001</u>	<u>TPAF - Post-Retirement Medical</u>
<u>11-495-034-5095-002</u>	<u>Social Security Tax</u>

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

There were no prior year audit findings.