

**SCHOOL DISTRICT OF THE
BOROUGH OF SPRING LAKE
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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

OUTLINE OF CAFR

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INTRODUCTORY SECTION



SPRING LAKE SCHOOL DISTRICT
H. W. MOUNTZ SCHOOL
411 TUTTLE AVENUE, SPRING LAKE, NJ 07762

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Superintendent
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Nick Mackres
Business Administrator/Board Secretary
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October 21, 2016

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 (CAFR) of the Spring Lake School District (District) for the fiscal year ended June 30, 2016 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 CAFR 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 by Title II U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance"), "Audits of States, Local governments and Non-Profit Organizations", and the state Treasury Circular Letter 15-08 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, 2015 as reported in the annual Application for State School Aid (ASSA) was 263.5, which is a decrease of 2.5 students over the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years, which encompasses all residents attending H.W. Mountz Elementary, Manasquan High School, Monmouth County Vocational School District, other Local Education Agencies and private schools.

Resident Enrollment – All Schools

<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015	263.5	(09.4%)
2014	266.0	(10.1%)
2013	296.0	(04.1%)
2012	308.5	(00.3%)
2011	309.5	(02.8%)
2010	318.5	1.6%
2009	313.5	(03.2%)
2008	324.0	3.7%
2007	312.5	(06.0%)
2006	332.5	(12.6%)

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, which we believe is leveling off.

3. MAJOR INITIATIVES: The 2015-2016 budget contained funding not only for special education services, professional development, curriculum development, and materials and resources for instructional improvements to maintain a progressive educational environment, but

also funding for studio lab and technology lab upgrades, as well as plastering and painting of the stairwells.

Students continue to score well above the national average on standardized ability tests and the District is a 2015 National Blue Ribbon recipient and an Exemplary High Performing School.

The school district has continued enhancements to its math, language arts, and science programs, provided extensive staff development, implemented the seventh 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, 2016.

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, 2016, the District had \$635,000 of outstanding school bonds and \$31,793 in capital leases for two copiers.

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, Wielkotz, 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 by Title II U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance"). 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,



Dr. Raymond J. Boccuti
Superintendent

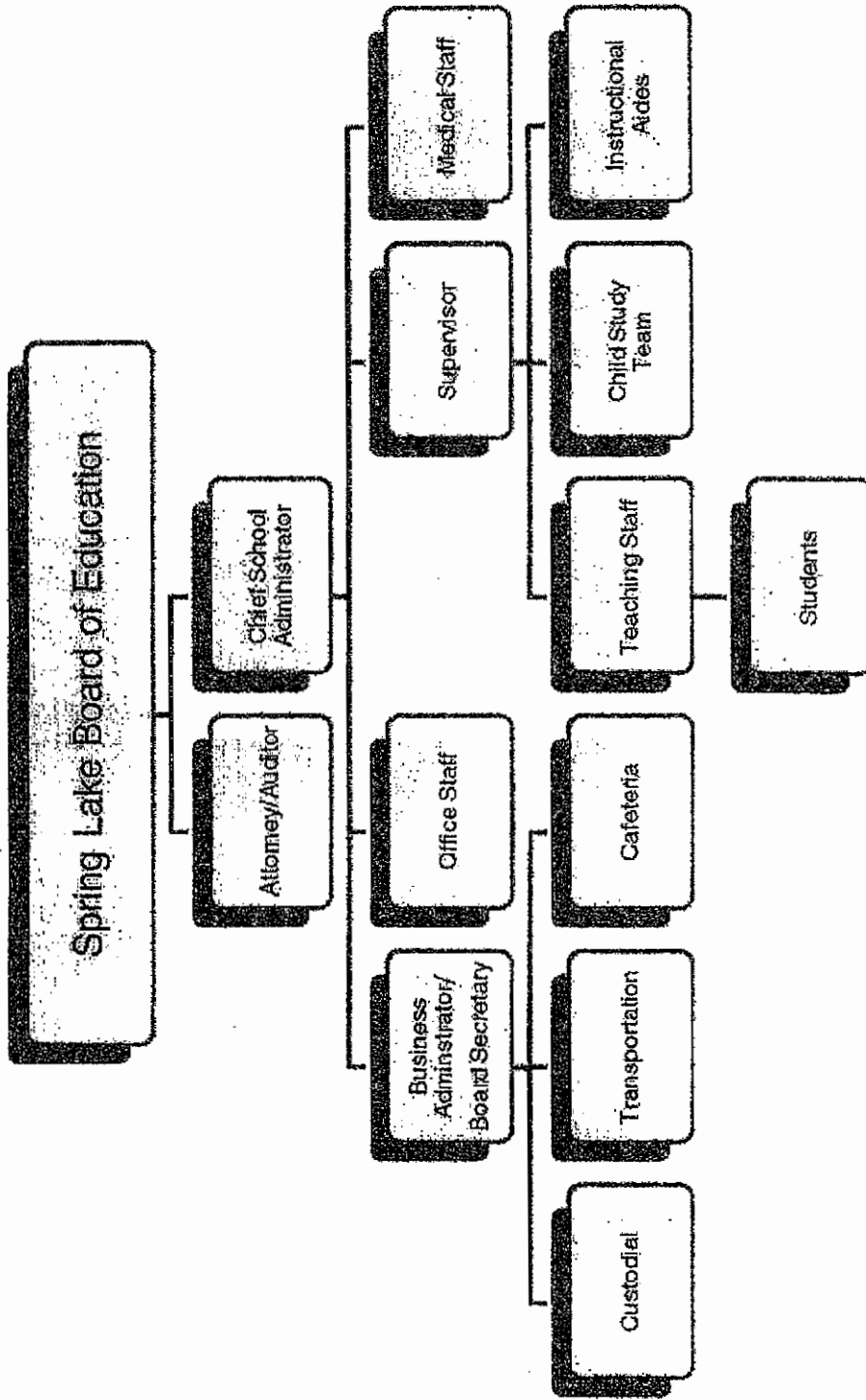


Nick Mackres
Business Administrator/Board Secretary

SPRING LAKE BOARD OF EDUCATION
Spring Lake, New Jersey

Exhibit

ORGANIZATIONAL CHART



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

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Began</u>	<u>Term Expires</u>
Vincent Daino, President	2014	2016
Christine Valori, Vice President	2014	2016
Alan Ferraro	2015	2017
Melissa Foy	2016	2018
Dr. Barton Sterling	2016	2018

Other Officials

Dr. Raymond Boccuti, Superintendent

Nick Mackres, School Business Administrator/Board Secretary

Panda LLC, Treasurer of School Monies

Sciarrillo Cornell Merlin McKeever & Osborne, LLC, Board Counsel

SPRING LAKE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Architect/Engineers

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

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depositories

NJ Cash Management Fund
State Street Bank
PO Box 5994
Boston, MA 02206-5994

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
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Spring Lake School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit requirements prescribed by the Office of School 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

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, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Spring Lake Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016 on our consideration of the Borough of Spring Lake Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope



Honorable President and
Members of the Board of Education
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of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Spring Lake Board of Education's internal control over financial reporting and compliance.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 13, 2016



**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, 2016
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, 2016. 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 position increased \$47,492. Net position of governmental activities increased \$48,511 while net position of business-type activity decreased by \$1,019.
- General revenues accounted for \$8,216,750 revenue or 96 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$310,582 or 4 percent of total revenues of \$8,527,332.
- The School District had \$8,474,776 in expenses related to governmental activities; only \$306,537 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$8,216,750s were not 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 position 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, 2016
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

In the *Statement of Net Position 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 position and changes in them. The change in net position 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 Position 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, 2016
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 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.

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, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position 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 position is \$2,885,028 at June 30, 2016. Of this amount, \$(1,449,574) was in unrestricted balances. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District.

Table 1
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	2,890,212	2,720,532	469	1,116	2,890,681	2,721,648
Capital Assets	<u>2,588,915</u>	<u>2,685,544</u>	<u>1,668</u>	<u>2,041</u>	<u>2,590,583</u>	<u>2,687,585</u>
Total Assets	<u>5,479,127</u>	<u>5,406,076</u>	<u>2,137</u>	<u>3,157</u>	<u>5,481,264</u>	<u>5,409,233</u>
Deferred Outflow of Resources	<u>487,750</u>	<u>345,303</u>	—	—	<u>487,750</u>	<u>345,303</u>
Liabilities						
Current Liabilities	244,927	287,760			244,927	287,760
Noncurrent Liabilities	<u>2,656,870</u>	<u>2,527,873</u>	—	—	<u>2,656,870</u>	<u>1,166,607</u>
Total Liabilities	<u>2,901,797</u>	<u>1,454,367</u>	—	—	<u>2,901,797</u>	<u>1,454,367</u>
Deferred inflows of Resources	<u>182,189</u>	<u>101,366</u>	—	—	<u>182,189</u>	<u>101,366</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	1,919,033	1,885,544	1,668	2,041	1,920,701	1,887,585
Restricted	2,413,901	2,325,909			2,413,901	2,325,909
Unrestricted	<u>(1,450,043)</u>	<u>(1,377,073)</u>	<u>469</u>	<u>1,116</u>	<u>(1,449,574)</u>	<u>(1,375,957)</u>
Total Net Position	<u>2,882,891</u>	<u>2,834,380</u>	<u>2,137</u>	<u>3,157</u>	<u>2,885,028</u>	<u>2,837,537</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2016 compared to 2015.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			4,045	3,798	4,045	3,798
Operating Grants and						
Contributions	306,537	301,845			306,537	301,845
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	6,253,913	6,072,464			6,253,913	6,072,464
Debt Service	134,943	138,636			134,943	138,636
Federal and State Aid	1,702,520	1,363,533			1,702,520	1,363,533
Miscellaneous Income	<u>125,374</u>	<u>126,986</u>	<u> </u>	<u> </u>	<u>125,374</u>	<u>126,986</u>
Total Revenues and Transfers	<u>8,523,287</u>	<u>8,003,464</u>	<u>4,045</u>	<u>3,798</u>	<u>8,527,332</u>	<u>8,007,262</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Functions/Program Expenses						
Instruction:						
Regular	1,720,469	1,668,325			1,720,469	1,668,325
Special Education	517,204	570,168			517,204	570,168
Other Instruction	71,046	67,903			71,046	67,903
Support Services:						
Tuition	1,564,872	1,434,110			1,564,872	1,434,110
Student & Instruction						
Related Services	911,439	1,090,409			911,439	1,090,409
School Administrative						
Services	75,401	77,832			75,401	77,832
General Administrative						
Services	167,754	153,494			167,754	153,494
Central Services and Admin.	131,227	140,788			131,227	140,788
Admin. Info. Technology	7,742	6,869			7,742	6,869
Plant Operations and						
Maintenance	493,465	605,381			493,465	605,381
Pupil Transportation	409,214	320,422			409,214	320,422
Unallocated Benefits	2,171,428	1,915,052			2,171,428	1,915,052
Capital Outlay - Undepreciable		3,953				3,953
Capital Leases	34,882				34,882	
Interest on Long-Term Debt	28,480	33,843			28,480	33,843
Unallocated depreciation	170,153	154,355			170,153	154,355
Food Service			<u>5,064</u>	<u>3,044</u>	<u>5,064</u>	<u>3,044</u>
Total Expenses	<u>8,474,776</u>	<u>8,242,904</u>	<u>5,064</u>	<u>3,044</u>	<u>8,479,840</u>	<u>8,245,948</u>
Increase or (Decrease) in						
Net Position	<u>48,511</u>	<u>(239,440)</u>	<u>(1,019)</u>	<u>754</u>	<u>47,492</u>	<u>(238,686)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 \$8,479,840. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,388,856 because some of the cost was paid by those who benefitted from the programs \$4,045, by other governments and organizations who subsidized certain programs with grants and contributions \$2,009,057, and by miscellaneous sources \$125,374.

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 \$1,019.
- ✓ Charges for services provided totaled \$4,045. This represents amounts paid by consumers for daily milk services.

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, 2016, 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 governmental funds financial statements.
- The special revenue fund was increased by \$64,771 for an increase in federal and state grant awards.

General Fund

The general fund actual revenue was \$7,381,324. That amount is \$720,250 above the final amended budget of \$6,661,074. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$619,208 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$26,174 excess in tuition and miscellaneous anticipated revenues and \$74,868 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, 2016
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$7,337,096 which is \$56,305 above the final amended budget of \$7,282,040. 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 \$619,208 and \$562,903 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$306,537. That amount is greater than the original budget estimate of \$241,766 and equal to the final amended budget of \$306,537.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the School District had \$6,436,575 invested in sites, buildings and equipment. Of this amount, \$3,845,992 in depreciation has been taken over the years. We currently have a net book value of \$2,590,583. Total additions for the year were \$524,173. Total depreciation for the year was \$170,526. Table 3 shows fiscal year 2016 balances compared to 2015.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land Improvements	492,117	492,117			492,117	492,117
Construction in Progress		450,649				450,649
Buildings and Improvements	1,944,623	1,579,363			1,944,623	1,579,363
Furniture, Equipment and Vehicles	<u>152,175</u>	<u>163,415</u>	<u>1,668</u>	<u>2,041</u>	<u>153,843</u>	<u>165,456</u>
	<u>2,588,915</u>	<u>2,685,544</u>	<u>1,668</u>	<u>-0-</u>	<u>2,590,583</u>	<u>2,687,585</u>

Debt Administration

At June 30, 2016, the District had \$2,656,870 of outstanding debt. Of this amount, \$164,478 is for compensated absences; \$635,000 of serial bonds for school construction; \$1,822,510 for the net pension obligation for PERS and \$34,882 is for capital leases.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Many factors were considered by the District during the process of developing the 2016-2017 budget. The primary factors were the District's projected student population and the services that are required to be provided by the District, as well as increasing salary and benefit costs.

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:

Mr. Nick Mackres,
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 Position
June 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	728,012	469	728,481
Receivables, net	769,107		769,107
Restricted assets:			
Cash and cash equivalents	1,393,093		1,393,093
Land	492,117		492,117
Other Capital Assets, net	2,096,798	1,668	2,098,466
Total Assets	<u>5,479,127</u>	<u>2,137</u>	<u>5,481,264</u>
Deferred outflow of resources	<u>487,750</u>		<u>487,750</u>
LIABILITIES			
Accounts payable	196,629	-	196,629
Accrued interest on bonds	7,138		7,138
Payable to federal and state government	20,900		20,900
Deferred revenue	20,260		20,260
Noncurrent liabilities:			
Due within one year	171,429		171,429
Due beyond one year	2,485,441		2,485,441
Total liabilities	<u>2,901,797</u>	<u>-</u>	<u>2,901,797</u>
Deferred inflow of resources	<u>182,189</u>		<u>182,189</u>
NET POSITION			
Invested in capital assets, net of related debt	2,588,915	1,668	2,590,583
Restricted for:			
Debt service	6		6
Other Purposes	2,413,895		2,413,895
Unrestricted	(2,119,925)	469	(2,119,456)
Total net position	<u>2,882,891</u>	<u>2,137</u>	<u>2,885,028</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, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	1,720,469					(1,720,469)		(1,720,469)
Special education	517,204			175,746		(341,458)		(341,458)
Other instruction	71,046					(71,046)		(71,046)
Support services:								
Tuition	1,564,872			124,685		(1,440,187)		(1,440,187)
Student & instruction related services	911,439			6,106		(905,333)		(905,333)
School administrative services	75,401					(75,401)		(75,401)
General administrative services	167,754					(167,754)		(167,754)
Central Services	131,227					(131,227)		(131,227)
Admin. Info. Technology	7,742					(7,742)		(7,742)
Plant operations and maintenance	493,465					(493,465)		(493,465)
Pupil transportation	409,214					(409,214)		(409,214)
Employee Benefits	1,530,960					(1,530,960)		(1,530,960)
Capital outlay-undepreciable						-		-
Interest on long-term debt	28,480					(28,480)		(28,480)
Unallocated depreciation	170,153					(170,153)		(170,153)
Total governmental activities	7,799,426			306,537		(7,492,889)		(7,492,889)
Business-type activities:								
Food Service	5,064		4,045				(1,019)	(1,019)
Total business-type activities	5,064		4,045				(1,019)	(1,019)
Total primary government	7,804,490		4,045	306,537		(7,492,889)		(7,493,908)
General revenues:								
Property Taxes Levied for:								
General Purposes						6,253,913		6,253,913
Debt Service						134,943		134,943
Federal and State aid not restricted						1,001,951		1,001,951
State aid restricted						60,101		60,101
Interest on Investments						99,289		99,289
Miscellaneous Income						26,085		26,085
Total general revenues, special items, extraordinary items and transfers						7,576,282		7,576,282
Change in Net Position						83,393	(1,019)	82,374
Net Position—beginning						2,834,380	3,157	2,837,537
Net Position—ending						2,917,773	2,138	2,919,911

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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	713,300	14,706	6	728,012
Receivables from Other Governments	724,965	44,142		769,107
Restricted Cash and Cash Equivalents	1,393,093			1,393,093
Total Assets	<u>2,831,358</u>	<u>58,848</u>	<u>6</u>	<u>2,890,212</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	110,954	18,350		129,304
Payable to State Government		20,900		20,900
Deferred Revenue	662	19,598		20,260
Total Liabilities	<u>111,616</u>	<u>58,848</u>		<u>170,464</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	511,184			511,184
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	479,599			479,599
Emergency Reserve	250,000			250,000
Maintenance Reserve	372,291			372,291
Capital Reserve	617,547			617,547
Tuition Reserve	80,255			80,255
Debt Service			6	6
Assigned to:				
Year end encumbrances	29,094			29,094
Tuition Adjustment	73,000			73,000
Designated for Subsequent Year's Expenditures	925			925
Unassigned:				
General Fund	305,847			305,847
Total Fund Balances	<u>2,719,742</u>		<u>6</u>	<u>2,719,748</u>
Total Liabilities and Fund Balances	<u>2,831,358</u>	<u>58,848</u>	<u>6</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 \$6,426,663 and the accumulated depreciation is \$3,837,748.	2,588,915
Deferred outflow of resources	487,750
Deferred inflow of resources	(182,189)
Accounts payable for PERS payment subsequent to the measurement date.	(67,325)
Interest on Long-term debt accrued	(7,138)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,656,870)</u>
Net position of governmental activities	<u>2,882,891</u>

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	6,253,913		134,943	6,388,856
Tuition	99,289		-	99,289
Miscellaneous	26,085			26,085
Total - Local Sources	<u>6,379,287</u>	-	134,943	6,514,230
State Sources	1,001,951	160,479	60,101	1,222,531
Federal Sources	-	146,058		146,058
Total Revenues	<u>7,381,238</u>	<u>306,537</u>	<u>195,044</u>	<u>7,882,819</u>
EXPENDITURES				
Current:				
Regular Instruction	1,748,595			1,748,595
Special Education Instruction	341,458	175,746		517,204
Other Instruction	71,046			71,046
Support Services and Undistributed Costs:				
Tuition	1,440,187	124,685		1,564,872
Student & Instruction Related Services	905,333	6,106		911,439
General Administrative Services	167,754			167,754
School Administrative Services	75,401			75,401
Central Services	131,227			131,227
Admin. Info. Technology	7,742			7,742
Plant Operations and Maintenance	493,465			493,465
Pupil Transportation	409,214			409,214
Employee Benefits	1,477,386			1,477,386
Debt Service:				
Principal			165,000	165,000
Interest and Other Charges			30,044	30,044
Capital Outlay	39,470			39,470
Summer Support Services	28,818			28,818
Total Expenditures	<u>7,337,096</u>	<u>306,537</u>	<u>195,044</u>	<u>7,838,677</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>44,142</u>	-	-	<u>44,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out				-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances				
	44,142	-	-	44,142
Fund Balance—July 1	<u>2,675,600</u>		6	<u>2,675,606</u>
Fund Balance—June 30	<u>2,719,742</u>	<u>-</u>	<u>6</u>	<u>2,719,748</u>

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, 2016**

Total net change in fund balances - governmental funds (from B-2)		44,142									
<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>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Depreciation expense</td> <td style="width: 20%; text-align: right;">(170,153)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciable Capital outlays</td> <td style="text-align: right;"><u>38,642</u></td> <td style="text-align: right;">(131,511)</td> </tr> </table>	Depreciation expense	(170,153)		Depreciable Capital outlays	<u>38,642</u>	(131,511)					
Depreciation expense	(170,153)										
Depreciable Capital outlays	<u>38,642</u>	(131,511)									
<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		165,000									
<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>											
Decrease in compensated absences payable		28,126									
<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>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Prior Year Accrued Interest</td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;">8,034</td> </tr> <tr> <td>Current Year Accrued Interest</td> <td></td> <td style="text-align: right;">(7,138)</td> </tr> </table>	Prior Year Accrued Interest		8,034	Current Year Accrued Interest		(7,138)					
Prior Year Accrued Interest		8,034									
Current Year Accrued Interest		(7,138)									
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">District Pension Contributions</td> <td style="width: 20%; text-align: right;">69,800</td> <td style="width: 20%;"></td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right;"><u>(127,942)</u></td> <td></td> </tr> <tr> <td>Increase in Pension Expense</td> <td></td> <td style="text-align: right;">(58,142)</td> </tr> </table>	District Pension Contributions	69,800		Less: Pension Expense	<u>(127,942)</u>		Increase in Pension Expense		(58,142)		
District Pension Contributions	69,800										
Less: Pension Expense	<u>(127,942)</u>										
Increase in Pension Expense		(58,142)									
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Increase in On-behalf State Aid TPAF Pension</td> <td style="width: 20%; text-align: right;">630,864</td> <td style="width: 20%;"></td> </tr> <tr> <td>Increase in On-behalf TPAF Pension Expense</td> <td style="text-align: right;"><u>(630,864)</u></td> <td></td> </tr> </table>	Increase in On-behalf State Aid TPAF Pension	630,864		Increase in On-behalf TPAF Pension Expense	<u>(630,864)</u>						
Increase in On-behalf State Aid TPAF Pension	630,864										
Increase in On-behalf TPAF Pension Expense	<u>(630,864)</u>										
Change in net assets of governmental activities		<u><u>48,511</u></u>									

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

**Spring Lake School District
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Business-Type Activities - Enterprise Fund	
	Food Service Program	Total Enterprise Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	469	469
Total Current Assets	469	469
Noncurrent Assets:		
Capital Assets:		
Equipment	9,912	9,912
Less Accumulated Depreciation	(8,244)	(8,244)
Total Capital Assets (Net of Accumulated Depreciation)	1,668	1,668
Total Assets	2,137	2,137
LIABILITIES		
Current Liabilities:		
Account Payable		
Total Current Liabilities	-	
NET ASSETS		
Invested in Capital Assets Net of Related Debt	1,668	1,668
Unrestricted	469	469
Total Net Position	2,137	2,137

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 Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund	
	Food Service Program	Total Enterprise Fund
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	4,045	4,045
Total Operating Revenues	4,045	4,045
 Operating Expenses:		
Cost of Sales	2,693	2,693
Miscellaneous Expenses	1,998	1,998
Depreciation Expense	373	373
Total Operating Expenses	5,064	5,064
Operating Income (Loss)	(1,019)	(1,019)
 Transfers In (Out)		-
Change in Net Assets	(1,019)	(1,019)
Total Net Position—Beginning	3,156	3,156
Total Net Position—Ending	2,137	2,137

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, 2016**

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	4,045	4,045
Payments to Vendors	(4,691)	(4,691)
Net Cash Provided by (Used for) Operating Activities	(646)	(646)
Cash to investing activities		
Purchase of Equipment		-
Net Cash Provided by (Used for) Investing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(646)	(646)
Balances—Beginning of Year	1,116	1,116
Balances—End of Year	470	470
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(1,019)	(1,019)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	373	373
Total Adjustments	373	373
Net Cash Provided by (Used for) Operating Activities	(646)	(646)

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

**Spring Lake School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

Fiduciary Funds

	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	43,588	830	18,126
Due from Payroll Agency	477		
Total Assets	<u>44,065</u>	<u>-</u>	<u>18,126</u>
LIABILITIES			
Payable to student groups			17,476
Payroll deductions and withholdings			17,476
Due to Unemployment Trust Fund			650
Total Liabilities	<u>-</u>	<u>-</u>	<u>35,602</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>44,065</u>		
Reserved for Scholarships		<u>730</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 Position
Fiduciary Funds
For the Year Ended June 30, 2016**

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	\$ 3,769	
District Contribution	-	
Total Contributions	3,769	0
Investment earnings:		
Net investment earnings	40	1
Total additions	3,809	1
DEDUCTIONS		
Quarterly contribution reports	899	
Scholarships awarded		
Total deductions	899	-
Change in net assets	2,910	1
Net position - beginning of the year	38,752	829
Net position - end of the year	\$ 41,662	\$ 830

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, 2016**

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 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 position 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, 2016**

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

District-wide Financial Statements:

The statement of net position 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 position 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 - *government*, *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, 2016**

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 position, 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, 2016**

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 position and changes in net position.

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 position 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 position, except for fiduciary funds.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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 position. The statement of changes in fund net position 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, 2016**

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, 2016**

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, 2016**

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, 2016**

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

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2015, 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 position, 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 position 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 position 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, 2015 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 capitalized.

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, 2016**

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. Unearned Revenue:

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

Unearned 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, 2016**

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

O. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

O. Accounting and Financial Reporting for Pensions: (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

Q. 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

Q. Fund Balances: (continued)

- **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.

R. Net Position:

Net position represent the difference between assets and liabilities. Net position 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 position 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 position are available.

S. 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 milk. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

U. 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.

V. 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.

W. Allowance for Uncollectible Accounts:

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

X. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2016, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$1,476,469
State of New Jersey Cash Management Fund	<u>707,553</u>
	<u>\$2,184,022</u>

During the period ended June 30, 2016, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$2,184,022 and the bank balance was \$2,398,657. 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, 2015, \$-0- of the Board's bank balance of \$1,691,104 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, 2016**

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, 2016, the District has \$707,553 on deposit with the New Jersey Cash Management Fund.

NOTE 4. RECEIVABLES:

Receivables at June 30, 2016, 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 Statements	Enterprise Fund	District Wide Financial Statements
Tax Levy	\$532,390		\$532,390
State Aid	192,575		192,575
Federal Aid	23,566	\$	23,566
Other	<u>20,576</u>	_____	<u>20,576</u>
Gross receivables	769,107		769,107
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$769,107</u>	<u>\$</u>	<u>\$769,107</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances as of June 30, 2016.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Restated Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/16</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$492,117	\$	\$	\$492,117
Construction in Progress	<u>450,649</u>	_____	<u>450,649</u>	_____
Total Capital Assets, Not Being Depreciated	<u>942,766</u>	_____	_____	<u>492,117</u>
Capital Assets Being Depreciated				
Buildings and Improvements	4,885,157	469,154		5,354,311
Furniture, Equipment and Vehicles	<u>525,216</u>	<u>55,019</u>	_____	<u>580,235</u>
Total Capital Assets, Being Depreciated	<u>5,410,373</u>	<u>524,173</u>	_____	<u>5,934,546</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,305,794)	(103,894)		(3,409,688)
Furniture, Equipment and Vehicles	<u>(361,801)</u>	<u>(66,259)</u>	_____	<u>(428,060)</u>
Total Accumulated Depreciation	<u>(3,667,595)</u>	<u>(170,153)</u>	_____	<u>(3,837,748)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,742,778</u>	<u>354,020</u>	_____	<u>2,096,798</u>
Governmental Activities Capital Assets, Net	<u><u>\$2,685,544</u></u>	<u><u>\$354,020</u></u>	<u>_____</u>	<u><u>\$2,588,915</u></u>
	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/16</u>
Business-Type Activity				
Machinery and Equipment	\$9,912	\$	\$	\$9,912
Totals	<u>9,912</u>	_____	_____	<u>9,912</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(7,871)</u>	<u>(373)</u>	_____	<u>(8,244)</u>
Total Accumulated Depreciation	<u>(7,871)</u>	<u>(373)</u>	_____	<u>(8,244)</u>
Business-Type Activity Capital Assets, Net	<u><u>\$2,041</u></u>	<u><u>(\$373)</u></u>	<u><u>\$</u></u>	<u><u>\$1,668</u></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, 2016**

NOTE 7. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2016 are as follows:

	<u>Balance</u> <u>6/30/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/16</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences payable	\$192,604	\$	\$28,126	\$164,478	\$
Net Pension Obligation	1,700,269	122,241		1,822,510	
Bonds payable	800,000		165,000	635,000	165,000
Capital Lease Payable	<u> </u>	<u>34,882</u>	<u> </u>	<u>34,882</u>	<u>6,429</u>
	<u>\$2,692,873</u>	<u>\$157,123</u>	<u>\$193,126</u>	<u>\$2,656,870</u>	<u>\$171,429</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>
2017	\$165,000	\$24,475	\$189,475
2018	160,000	18,700	178,700
2019	155,000	12,900	167,900
2020	<u>155,000</u>	<u>6,200</u>	<u>161,200</u>
Total	<u>\$635,000</u>	<u>\$62,275</u>	<u>\$697,275</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, 2016, the District had no authorized but not issued bonds.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 7. LONG-TERM DEBT OBLIGATIONS: (continued)

C. Capital Leases

The District is leasing copy machines under capital leases. The leases are for a five-year term. The following is a schedule of the future minimum lease payments at June 30, 2016:

2017	\$7,953
2018	7,953
2019	7,953
2020	7,953
2021	<u>3,070</u>
	<u>\$34,882</u>

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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - 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. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. 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, 2016 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.

The Board’s contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year		
<u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/16	\$69,800	\$2,800
6/30/15	74,865	1,873
6/30/14	58,063	-0-

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/16	\$192,792	\$240,998	\$9,604
6/30/15	108,897	185,312	7,835
6/30/14	85,372	152,334	7,536

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$175,814 during the year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$1,822,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was .0081118811 percent, which was a decrease of .0009694277 percent from its proportion measured as of June 30, 2014.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$127,982. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$195,723	\$
Net difference between projected and actual earnings on pension plan investments	43,479	29,302
Changes in proportion and differences between District contributions and proportionate share of contributions	181,223	152,887
District contributions subsequent to the measurement date	<u>67,325</u>	<u> </u>
Total	<u>\$487,750</u>	<u>\$182,189</u>

The \$67,325 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 38,212
2018	38,212
2019	60,859
2020	34,403

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's Proportion	.0081188110%	.0090813088%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
Reit	4.25%	5.12%
	<u>100.00%</u>	

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share of the pension liability	\$2,265,157	\$1,822,510	\$1,451,398

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>13,646,802</u>
	<u>\$13,646,802</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was .0215915829%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$833,260 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

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

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. COMPENSATED ABSENCES:

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

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

In the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefit accrue to employees. As of June 30, 2016, a liability existed for compensated absences in the Food Service Fund in the amount of \$-0-.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 12. RISK MANAGEMENT:

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

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

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>	<u>Employee Contributions/ Interest Earnings/ District Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$3,809	\$899	\$44,065
2014-2015	5,558	3,155	41,155
2013-2014	5,506	6,594	38,752

NOTE 13. 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$580,047
Deposits:	
Transfer by Board Resolution - June 30, 2016	<u>37,500</u>
Ending balance, June 30, 2016	<u>\$617,547</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$4,454,635. 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 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

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

Beginning balance, July 1, 2016	<u>\$250,000.00</u>
Ending balance, June 30, 2017	<u>\$250,000.00</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2015	\$362,291
Interest Earnings	
Deposits:	
Transfer by Board Resolution - June 30, 2016	50,000
Budgeted Withdrawal	<u>(40,000)</u>
Ending balance, June 30, 2016	<u>\$372,291</u>

NOTE 16. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,719,742 General Fund fund balance at June 30, 2016, \$29,093 is reserved for encumbrances; \$80,255 has been legally reserved for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$372,291 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); \$73,000 has been legally established as a tuition reserve in accordance with N.J.A.C. 6A:23A-17.1(f); \$990,783 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$479,599 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$617,547 has been reserved in the Capital Reserve Account; \$925 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$305,847 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2016 of \$6 is restricted for the payment of debt service.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 17. 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, 2016 is \$990,783 of which \$511,184 is the result of current year operations.

NOTE 18. CONTINGENT LIABILITIES:

It is the best judgment of the District's management that there are no pending or threatened litigation, unasserted claims or assessments that would have any adverse effect on the accompanying financial statements.

NOTE 19. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 13, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	6,253,913		6,253,913	6,253,913		
Tuition	97,500		97,500	99,289	1,789	
Miscellaneous	1,700		1,700	26,085	24,385	
Total - Local Sources	6,353,113		6,353,113	6,379,287	26,174	
State Sources:						
Categorical Transportation Aid	14,122		14,122	14,122		
Categorical Security Aid	4,583		4,583	4,583		
Categorical Special Education Aid	165,889		165,889	165,889		
Extraordinary Aid		117,707	117,707	188,675	70,968	
Non-public Transportation Aid				3,900	3,900	
Other State Aids	5,660		5,660	5,660		
TPAF Post Retirement, Pension (On-Behalf - Non-Budgeted)				192,792	192,792	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				240,998	240,998	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				9,604	9,604	
TPAF Social Security (Reimbursed - Non-Budgeted)				175,814	175,814	
Total - State Sources	190,254	117,707	307,961	1,002,037	694,076	
TOTAL REVENUES	6,543,367	117,707	6,661,074	7,381,324	720,250	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool Salaries of Teachers	68,455		68,455	65,840	2,615	
Kindergarten - Salaries of Teachers	104,938	(500)	104,438	103,644	794	
Grades 1-5 - Salaries of Teachers	856,652	5,500	862,152	859,950	2,202	
Grades 6-8 - Salaries of Teachers	570,136	(8,000)	562,136	549,515	12,621	
Regular Programs - Home Instruction:						
Salaries of Teachers	10,000		10,000	2,079	7,921	
Purchased Professional-Educational Services						
General Supplies	250		250		250	
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	27,457	11,000	38,457	34,151	4,306	
Purchased Professional-Educational Services						
Purchased Technical Services	37,307	2,770	40,077	35,373	4,704	
Other Purchased Services (400-500 series)	7,164	(2,500)	4,664	3,949	715	
General Supplies	74,041	350	74,371	73,646	725	
Textbooks	5,000	1,800	6,800	6,774	26	
Other Objects	14,375		14,375	13,674	701	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,775,775	10,400	1,786,175	1,748,595	37,580	
Special Education Instruction - Resource Room/Resource Center						
Salaries of Teachers	258,800	(2,000)	256,800	242,623	14,177	
Other salaries for instruction	90,573	10,500	101,073	96,201	4,872	
Purchased Technical Services	1,000		1,000			
Other Purchased Services (400-500 series)	900		900	651		
General Supplies						
Other Objects	350		350		350	
Textbooks	3,000	2,067	5,067	1,983	3,084	
Total Resource Room/Resource Center	354,623	10,567	365,190	341,458	22,483	
TOTAL SPECIAL EDUCATION - INSTRUCTION	354,623	10,567	365,190	341,458	22,483	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
Basic Skills/Remedial - Instruction						
Salaries of Teachers	15,000		15,000	9,071	5,929	
General Supplies	200		200		200	
Total Basic Skills/Remedial - Instruction	15,200		15,200	9,071	6,129	
School-Sponsored Curricular Activities - Instruction						
Salaries of Teachers	32,679		32,679	30,588	2,091	
General Supplies	600		600	429	171	
Other Objects						
Total School-Sponsored Curricular Activities - Instruction	33,279		33,279	31,017	2,262	
School-Sponsored Athletics - Instruction						
Salaries	20,549		20,549	20,049	500	
Purchased Services (300-500 series)	6,500		6,500	4,965	1,535	
Other Objects	2,625		2,625	2,052	573	
Supplies and Materials	3,950		3,950	3,892	58	
Total School-Athletics - Instruction	33,624		33,624	30,958	2,666	
Total Instructional Programs - Instruction	82,103		82,103	71,046	11,057	
TOTAL INSTRUCTION	2,212,501	20,967	2,233,468	2,161,099	71,120	

Spring Lake School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2016									
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual				
Undistributed Expenditures - Instruction:									
Tuition to Other LEAs Within the State - Regular	652,881	63,997	716,878	716,877	1				
Tuition to Other LEAs Within the State - Special	201,460	(44,610)	156,850	156,838	12				
Tuition to County Voc. School Dist. - Regular	21,680	6,120	27,800	85,680	8,350				
Tuition to County Voc. School Dist. - Special	26,000	26,000	52,000	39,330	8,350				
Tuition to Private Schools for the Disabled - Within State	489,558	57,151	546,709	441,462	105,247				
Total Undistributed Expenditures - Instruction:	1,445,139	108,658	1,553,797	1,440,187	113,610				
Undist. Expend. - Attendance & Social Work									
Salaries	43,518		43,518	42,468	1,050				
Purchased Professional and Technical Services	600		600	600					
Other Purchased Services									
Supplies and Materials	300		300	300					
Total Undist. Expend. - Attendance & Social Work	44,418		44,418	43,368	1,050				
Undist. Expend. - Health Services									
Salaries	73,485	(1,570)	71,915	71,915					
Purchased Professional and Technical Services	100	1,878	1,978	1,978					
Supplies and Materials	3,100		3,100	1,729	1,371				
Other Purchased Services (400-500 series)	1,300		1,300						
Other Objects	300		300	110	190				
Total Undistributed Expenditures - Health Services	78,285	308	78,593	75,732	2,861				
Undist. Expend. - Other Supp. Serv. Students - Related Serv.									
Salaries	84,298	(4,000)	80,298	80,235	63				
Purchased Professional - Educational Services	75,000	12,607	87,607	51,840	35,767				
Other Objects	500	(308)	192	49	143				
Supplies and Materials	1,300	108	1,408	1,127	281				
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	161,098	8,407	169,505	133,251	36,254				
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.									
Salaries	39,252	(15,500)	23,752	22,589	1,163				
Purchased Professional - Educational Services	79,690	7,517	87,207	79,952	7,255				
Supplies and Materials	5,000		5,000	1,691	3,309				
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	123,942	(7,983)	115,959	104,232	11,727				

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	139,156	7,549	146,705	146,705		
Salaries of Secretarial and Clerical Assistants	42,182	1,500	43,682	43,682		
Purchased Professional - Educational Services	5,000		5,000	5,000		
Other Purchased Prof. And Tech Services	1,800	80	1,880	1,250	630	
Misc. Pur Serv. (400-500 series Other Resid Costs)						
Supplies and Materials	3,700	425	4,125	4,125		
Other Objects	300		300	116	184	
Total Undist. Expend. - Other Supp. Serv. Students-Special	192,138	9,554	201,692	200,878	814	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	109,242		109,242	109,242		
Salaries of Other Professional Staff		447	447	447		
Salaries of Secretarial and Clerical Assistants	40,297		40,297	40,297		
Purchased Professional - Technical Services						
Other Purchased Services (400-500 series)	2,100		2,100	1,020		
Supplies and Materials						
Other Objects						
Total Undist. Expend. - Improvement of Inst. Services	151,639	447	152,086	151,006	1,080	
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	80,382		80,382	76,705	3,677	
Salaries of Technology Coordinators	74,198		74,198	72,621	1,577	
Purchased Professional - Technical Services	13,435	653	14,088	14,034	54	
Other Purchased Services (400-500 series)	18,237		18,237	6,476	11,761	
Supplies and Materials	9,000		9,000	7,551	1,449	
Other Objects	1,000		1,000	1,000		
Total Undist. Expend. - Educational Media Serv./Sch. Library	196,252	653	196,905	177,367	19,538	
Undist. Expend. - Instructional Staff Training Serv.						
Other Salaries	4,000		4,000	3,366	634	
Purchased Professional - Educational Services	5,850		5,850	3,137	2,713	
Other Purchased Prof. And Tech Services	1,500		1,500	1,500		
Other Purchased Services (400-500 series)	12,376		12,376	11,046	1,330	
Supplies and Materials	3,000		3,000	450	2,550	
Total Undist. Expend. - Instructional Staff Training Serv.	26,726		26,726	19,499	7,227	

Spring Lake School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2016									
	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual 15-16	Variance Final to Actual				
Undist. Expend. - Supp. Serv. - General Administration									
Salaries	79,660	(4,290)	75,370	75,370					
Legal Services	15,760	26,000	41,760	41,580	180				
Audit Fees	16,000	(1,375)	14,625	14,625					
Other Purchased Professional Services	3,000	14,063	17,063	12,313	4,750				
Purchased Technical Services	3,720	310	4,030	3,090	940				
Communications/Telephone	13,206	(2,292)	10,914	10,352	562				
BOE Other Purchased Services	4,245	(470)	3,775	3,775					
Other Purchased Services (400-500 series)	2,000	(367)	1,633	1,450	183				
General Supplies	1,400	19	1,419	550	869				
Judgments Against the School District	35,000	(26,000)	9,000	734	8,266				
BOE Membership Dues and Fees	4,100		4,100	3,915	185				
Total Undist. Expend. - Supp. Serv. - General Administration	178,091	5,598	183,689	167,754	15,935				
Undist. Expend. - Support Serv. - School Administration									
Salaries of Principals/Assistant Principals	70,000	(5,700)	64,300	61,904	2,396				
Salaries of Secretarial and Clerical Assistants	9,410	500	9,910	9,910					
Other Purchased Services (400-500 series)	1,300		1,300	889	411				
Supplies and Materials	2,500		2,500	2,292	208				
Other Objects	2,000		2,000	406	1,594				
Total Undist. Expend. - Support Serv. - School Administration	85,210	(5,200)	80,010	75,401	4,609				
Undistributed Expenditures-Central Services									
Salaries	110,185	14,156	124,341	124,341					
Misc. Pfr Serv (400-500 series Other Resid Costs)	4,550	(73)	4,477	4,477					
Supplies and Materials	2,000	409	2,409	2,409					
Total Undistributed-Central Services	116,735	14,492	131,227	131,227					
Undistributed Expenditures-Admin. Info. Tech.									
Purchased Technical Services	7,500	(55)	7,445	7,445					
Other Objects	800	(800)							
Supplies and Materials	600	(303)	297	297					
Total Undistributed Expenditures-Admin. Info. Tech.	8,900	(1,158)	7,742	7,742					

Spring Lake School District Budgetary Comparison Schedule General Fund									
For the Year Ended June 30, 2016									
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual				
Undist. Expend. - Required Maint. for School Facilities									
Cleaning, Repair and Maintenance Services	120,000	(9,359)	110,661	94,914	15,747				
General Supplies	5,000	2,644	7,644	5,540	2,104				
Other Objects	2,000		2,000	180	1,820				
Undist. Expend. - Required Maint. for School Facilities	127,000	(6,695)	120,305	100,634	19,671				
Undist. Expend. - Custodial Services									
Salaries	203,421		203,421	170,710	32,711				
Salaries of Non-Instructional Aides	22,785		22,785	17,112	5,673				
Cleaning, Repair and Maintenance Services	29,815	4,114	33,929	27,167	6,762				
Insurance	45,850		45,850	45,118	732				
General Supplies	17,000	2,218	19,218	18,047	1,171				
Energy (Natural Gas)	45,230	8,578	53,808	22,192	31,616				
Energy (Electricity)	55,000	(1,500)	53,500	43,036	10,464				
Other Objects	650	749	1,399	1,399					
Total Undist. Expend. - Other Oper. & Maint. Of Plant	419,751	14,159	433,910	344,781	89,129				
Undistributed Expenditures-Care & Upkeep of Grounds									
Cleaning, Repair and Maintenance Services	30,000	1,175	31,175	17,623	13,552				
General Supplies	3,600		3,600	802	2,798				
Other Objects	200		200		200				
Undistributed Expenditures-Care & Upkeep of Grounds	33,800	1,175	34,975	18,425	16,550				
Undistributed Expenditures-Security									
Salaries	23,268	2,180	25,448	25,448					
Cleaning, Repair and Maintenance Services	2,100	(535)	1,565	1,146	419				
General Supplies	2,470	866	3,336	3,031	305				
Other Objects	900	(450)	450		450				
Undistributed Expenditures-Security	28,738	2,061	30,799	29,625	1,174				

Spring Lake School District									
Budgetary Comparison Schedule									
General Fund									
For the Year Ended June 30, 2016									
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual				
Undist. Expend. - Student Transportation Services									
Salaries for Pupil Train. (Between Home & School)-Reg.	4,579		4,579	4,579					
Salaries for Pupil Train. (Between Home & School)-Sp. Ed.	4,579		4,579	4,579					
Contracted Services - Aid in Lien of Payments	1,768		1,768						
Contract Services (Other than Between Home & School)-Vendors	14,000	675	14,675	11,309	3,366				
Contract Services (Between Home & School)-Joint Agreements	1,068	1,068	1,068	1,068					
Contracted Services (Special Ed. Students)-Vendors	1,000		1,000						
Contracted Services (Regular Ed. Students)-ESCs & CTSA's	133,753	19,236	152,989	152,972	17				
Contracted Services (Special Ed. Students)-ESCs & CTSA's	237,362	22,312	259,674	234,632	25,042				
Total Undist. Expend. - Student Transportation Services	397,041	43,291	440,332	409,214	31,118				
Other Support Services									
Miscellaneous Expenditures		350	350	302	48				
Total Regular Programs Instruction-Employee Benefits		350	350	302	48				

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
Operation and Maintenance of Plant Services-Employee Benefits						
Social Security Contributions	28,750	10,411	39,161	39,161		
Other Retirement Contributions-Regular	77,865	(3,562)	74,303	72,618	1,685	
Total Operation and Maintenance of Plant Services-Health Benefits	106,615	6,849	113,464	111,779	1,685	
UNALLOCATED BENEFITS						
Social Security Contributions	30,000	(2,091)	27,909	27,909		
Other Retirement Contributions-Regular	10,000		10,000	140	9,860	
Unemployment Compensation	713,912	(3,199)	710,713	657,593	53,120	
Health Benefits Undistributed	45,000		45,000	15,000	30,000	
Other Employee Benefits	18,000		18,000	12,246	5,754	
Tuition Reimbursement	39,700	(409)	39,291	33,209	6,082	
Workmen's Compensation	856,612	(5,699)	850,913	746,097	104,816	
TOTAL UNALLOCATED BENEFITS						
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				192,792	(192,792)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				240,998	(240,998)	
On-behalf TPAF NCGI Premium (non-budgeted)				9,604	(9,604)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				175,814	(175,814)	
TOTAL ON-BEHALF CONTRIBUTIONS				619,208	(619,208)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	963,227	1,500	964,727	1,477,386	(512,659)	
TOTAL UNDISTRIBUTED EXPENDITURES	4,778,130	189,267	4,967,397	5,107,709	(140,312)	
TOTAL GENERAL CURRENT EXPENSE	6,990,631	210,234	7,200,865	7,268,808	(69,192)	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment						
Undistributed Expended-Instruction	23,200	(109)	23,091	20,137	2,954	
Undistributed Expended-Student Trans. - Non-Inst. Equip.	3,000	(3,000)				
Total Equipment	26,200	(3,109)	23,091	20,137	2,954	
Facilities Acquisition and Construction Services						
Legal Services						
Architectural/Engineering Services	5,000	3,000	8,000		8,000	
Construction Serv.		18,504	18,504	18,420	84	
Assessment for Debt Service on SDA	913		913	913		
Total Facilities Acquisition and Construction Services	5,913	21,504	27,417	19,333	8,084	
TOTAL CAPITAL OUTLAY	32,113	18,395	50,508	39,470	11,038	
Summer Support Services-Instruction						
Salaries of Teachers	7,661	(3,667)	4,994	4,971	23	
Other Salaries for Instruction	1,460	2,667	4,127	4,127		
Total Summer School - Instruction	9,121		9,121	9,098	23	
Summer Support Services-Support Services						
Salaries	8,206	1,071	9,277	9,277		
Purchased Professional and Technical Services	13,340	(1,071)	12,269	10,443	1,826	
Total Summer Support Services	21,546		21,546	19,720	1,826	
TOTAL EXPENDITURES	7,053,411	228,629	7,282,040	7,337,096	(56,305)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(510,044)	(110,922)	(620,966)	44,228	665,194	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(510,044)	(110,922)	(620,966)	44,228	665,194	
Fund Balance, July 1	2,694,535		2,694,535	2,694,535		
Fund Balance, June 30	2,184,491	(110,922)	2,073,569	2,738,763	665,194	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2016						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 15-16	Variance Final to Actual	
Recapitulation of excess (deficiency) of revenues under expenditures:						
Adjustment for Prior Year Encumbrances		(110,922)	(110,922)	(110,922)	80,255	80,255
Increase in Tuition Reserve:						
Principal				37,500	37,500	37,500
Increase in Maintenance Reserve						
Principal				50,000	50,000	50,000
Budgeted Withdrawal from Tuition Reserve	(79,000)		(79,000)	(79,000)		
Budgeted Withdrawal from Maintenance Reserve	(40,000)		(40,000)	(40,000)		
Budgeted Fund Balances	(391,044)		(391,044)	106,595	497,639	497,639
	(510,044)	(110,922)	(620,966)	44,428	665,394	665,394
Recapitulation:						
Restricted Fund Balance:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				479,599		
Reserved - Excess Surplus				511,184		
Maintenance Reserve				372,291		
Capital Reserve				617,547		
Emergency Reserve				250,000		
Tuition Reserve				80,255		
Committed Fund Balance:						
Tuition Adjustment				73,000		
Assigned Fund Balance:						
Year end Encumbrances				29,094		
Designated for Subsequent Year's Expenditures				925		
Unassigned Fund Balance						
Total				324,868		
				2,738,763		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(19,021)		
Fund Balance per Governmental Funds (GAAP)				2,719,742		

Spring Lake School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	134,200	26,279	160,479	160,479	
Federal Sources	107,566	38,492	146,058	146,058	
Total Revenues	241,766	64,771	306,537	306,537	
EXPENDITURES:					
Instruction:					
Salaries of Teachers		12,044	12,044	12,044	
Other Salaries		3,223	3,223	3,223	
Purchased Professional and Technical Services		32,110	139,676	139,676	
Other Purchased Services					
General Supplies	19,200	1,603	20,803	20,803	
Textbooks					
Other Objects					
Total Instruction	126,766	48,980	175,746	175,746	
Support Services:					
Other Salaries		287	287	287	
Purchased Professional - Educational Services					
Purchased Technical Services		5,819	5,819	5,819	
Tuition	115,000	9,685	124,685	124,685	
Travel					
Other Purchased Services					
Travel					
Supplies & Materials					
Other Objects					
Total Support Services	115,000	15,791	130,791	130,791	
Facilities Acquisition and Const. Serv.:					
Buildings					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	241,766	64,771	306,537	306,537	
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, 2016**

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]	7,381,324	306,537
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.		18,935	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).		(19,021)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,381,238	306,537
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	7,337,096	306,537
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]	7,337,096	306,537

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

Spring Lake School District
 Schedules of Required Supplementary Information
 Schedule of District's Share of Net Pension Liability - PERS
 Last 10 Fiscal Years*

	2016	2015
Districts proportion of the net pension liability (asset)	0.0081188110%	0.0090813088%
District's proportionate share of the net pension liability (asset)	\$ 1,822,510	\$ 1,700,269
District's covered payroll - PERS	\$ 535,612	\$ 519,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	340.27%	327.46%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Spring Lake School District
 Schedules of Required Supplementary Information
 Schedule of District's Contributions - PERS
 Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 69,800.00	\$ 74,865.00
Contributions in relation to the contractually required contribution	<u>\$ (69,800.00)</u>	<u>\$ (74,865.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 535,612	\$ 519,224
Contributions as a percentage of covered payroll	13.03%	14.42%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Spring Lake School District
 Schedules of Required Supplementary Information
 Schedule of District's Share of Net Pension Liability - TPAF
 Last 10 Fiscal Years*

	2016	2015
Districts proportion of the net pension liability (asset)	0.0215915829%	0.0206392045%
District's proportionate share of the net pension liability (asset)	\$ 13,646,802	\$ 11,737,963
District's covered payroll - TPAF	\$ 2,362,221	\$ 2,375,076
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	577.71%	494.21%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**Spring Lake School District
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2016**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

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, 2016

	Total Brought Forward (Ex. E-1a)	NCLB Title IA	Improving Teachers Quality Title II Part A	Totals 2016
REVENUES				
Local Sources	160,479			160,479
State Sources	127,908	12,331	5,819	146,058
Federal Sources				
Total Revenues	288,387	12,331	5,819	306,537
EXPENDITURES:				
Instruction:				
Salaries of Teachers		12,044		12,044
Other Salaries	3,223			3,223
Purchased Professional and Technical Services	139,676			139,676
Other Purchased Services (400-500 series)				
General Supplies				
Textbooks	20,803			20,803
Other Objects				
Total Instruction	163,702	12,044		175,746
Support Services:				
Other Salaries		287		287
Purchased Professional & Technical Services				
Purchased Professional - Educational Services				
Purchased Technical Services			5,819	5,819
Tuition	124,685			124,685
Travel				
Other Purchased Services (400-500 series)				
Supplies & Materials				
Other Objects				
Total Support Services	124,685	287	5,819	130,791
Facilities Acquisition and Const. Serv.:				
Instructional Equipment				
Total Facilities Acquisition and Const. Serv.				
Total Expenditures	288,387	12,331	5,819	306,537
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, 2016

	Total Brought Forward (Ex. E-1b)	IDEA PART B				Nonpublic Technology Aid	Nonpublic Nursing Aid	Total Carried Forward
		Basic	Preschool	Nonpublic Textbook Aid	Nonpublic Technology Aid			
REVENUES								
Local Sources	96,885							160,479
State Sources		124,685	3,223		9,620	33,171		127,908
Federal Sources								
Total Revenues	96,885	124,685	3,223		9,620	33,171		288,387
EXPENDITURES:								
Instruction:								
Other Salaries			3,223					3,223
Purchased Professional and Technical Services	96,885				9,620	33,171		139,676
Other Purchased Services (400-500 series)								
General Supplies								
Textbooks					20,803			20,803
Other Objects								
Total instruction	96,885		3,223		9,620	33,171		163,702
Support services:								
Purchased Professional & Technical Services								
Purchased Professional - Educational Services								
Purchased Technical Services								
Tuition		124,685						124,685
Travel								
Other Purchased Services (400-500 series)								
Supplies & Materials								
Other Objects								
Total support services		124,685						124,685
Facilities acquisition and const. serv.:								
Instructional Equipment								
Total facilities acquisition and const. serv.								
Total Expenditures	96,885	124,685	3,223		9,620	33,171		288,387
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, 2016

	Ch. 192					Ch. 193 - Handicapped Services					Total Carried Forward	
	Aux. Services	Nonpublic Compensatory Education	Nonpublic Annual Exam & Classification	Nonpublic Initial Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction	Security Grant					
REVENUES												
Local Sources		33,841	7,516	17,883	10,869	17,526	9,250					96,885
State Sources												
Federal Sources												
Total Revenues		33,841	7,516	17,883	10,869	17,526	9,250					96,885
EXPENDITURES:												
Instruction:												
Purchased Professional - Educational Services		33,841	7,516	17,883	10,869	17,526	9,250					96,885
Purchased Professional and Technical Services												
Other Purchased Services (400-500 series)												
General Supplies												
Textbooks												
Other Objects												
Total Instruction		33,841	7,516	17,883	10,869	17,526	9,250					96,885
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		33,841	7,516	17,883	10,869	17,526	9,250					96,885
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		-	-	-	-	-	-					

PROPRIETARY FUNDS

**Spring Lake School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2016**

	Food Service Program	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	470	470
Total Current Assets	470	470
Noncurrent Assets:		
Capital Assets:		
Equipment	9,912	9,912
Less Accumulated Depreciation	(8,245)	(8,245)
Total Capital Assets (Net of Accumulated Depreciation)	1,667	1,667
Total Assets	2,137	2,137
LIABILITIES		
Current Liabilities:		
Account Payable		
Total Current Liabilities	-	
NET POSITION		
Invested in Capital Assets Net of Related Debt	1,668	1,668
Unrestricted	469	469
Total Net Position	2,137	2,137

Spring Lake School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2016

	<u>Food Service Program</u>	<u>Totals</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	4,045	4,045
Total Operating Revenues	<u>4,045</u>	<u>4,045</u>
 Operating Expenses:		
Cost of Sales	2,693	2,693
Supplies and Materials	1,998	1,998
Depreciation Expense	373	373
Total Operating Expenses	<u>5,064</u>	<u>5,064</u>
Operating Income (Loss)	(1,019)	(1,019)
 Transfers In (Out)		-
Change in Net Assets	<u>(1,019)</u>	<u>(1,019)</u>
 Total Net Position—Beginning	<u>3,156</u>	<u>3,156</u>
Total Net Position—Ending	<u><u>2,137</u></u>	<u><u>2,137</u></u>

Spring Lake School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2016

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	4,045	4,045
Payments to Vendors	(4,691)	(4,691)
Net Cash Provided by (Used for) Operating Activities	(646)	(646)
Net Increase (Decrease) in Cash and Cash Equivalents	(646)	(646)
Balances—Beginning of Year	1,116	1,116
Balances—End of Year	470	470
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(1,019)	(1,019)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	373	373
Total Adjustments	373	373
Net Cash Provided by (Used for) Operating Activities	(646)	(646)

FIDUCIARY FUND

**Spring Lake School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 43,588	\$ 730	\$ 18,126
Due from Payroll Agency	\$ 477		
Total assets	44,065	730	18,126
 LIABILITIES			
Payable to student groups			17,476
Payroll deductions and withholdings			650
Total liabilities	-	-	18,126
 NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 44,065		
Reserved for Scholarships		\$ 730	

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	\$ 3,769	
District Contribution		
Total Contributions	<u>3,769</u>	<u>-</u>
Investment earnings:		
Interest		
Net investment earnings	<u>40</u>	<u>1</u>
Total additions	<u>3,809</u>	<u>1</u>
DEDUCTIONS		
Quarterly contribution reports	899	100
Scholarships awarded		
Total deductions	<u>899</u>	<u>100</u>
Change in net assets	2,910	(99)
Net position - beginning of the year	<u>41,155</u>	<u>829</u>
Net position - end of the year	<u>\$ 44,065</u>	<u>\$ 730</u>

**Spring Lake School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Adjustments</u>	<u>Balance June 30, 2016</u>
ELEMENTARY SCHOOLS:					
General	1,110	14,926	14,933		1,103
Student Council	1,902	2,046	2,716		1,232
Yearbook	165	1,786			1,951
8th Grade	10,553	37,289	36,380	(958)	10,504
Reading Fund	3				3
Tree Fund	40				40
Loaner Books	326				326
Agriculture Fund	53				53
Special Olympics	76				76
Art Fund	746				746
Com to Ed					-
Science Boards	19	317	316		20
Recycle	103				103
Natl Jr Honor Society	886	578	578		886
Homeowners	324		93		231
Band/Chorus	180				180
Autism	2				2
Bowling	10	842	832		20
	<u>16,498</u>	<u>57,784</u>	<u>55,848</u>	<u>(958)</u>	<u>17,476</u>

**Spring Lake School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2016</u>
Net Payroll	-			-
Payroll Deductions and Withholdings	14,163	2,002,862 1,634,387	2,002,862 1,647,900	650
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>14,163</u>	<u>3,637,249</u>	<u>3,650,762</u>	<u>650</u>

LONG-TERM DEBT

**Spring Lake School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2016**

ISSUE	Date of Issue	Amount of Issue	Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
School District Refunding Bonds	3/15/2000	\$ 1,625,000	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%				
						800,000		165,000	635,000
						800,000		165,000	635,000

Spring Lake School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	134,943		134,943	134,943	-
Miscellaneous					-
State Sources:					
Debt Service Aid Type II	60,101		60,101	60,101	-
Total - State Sources	60,101	-	60,101	60,101	-
Total Revenues	195,044	-	195,044	195,044	-
EXPENDITURES:					
Regular Debt Service:					
Interest	30,044		30,044	30,044	-
Redemption of Principal	165,000		165,000	165,000	-
Total Regular Debt Service	195,044	-	195,044	195,044	-
Total expenditures	195,044	-	195,044	195,044	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	6		6	6	-
Fund Balance, June 30	6		6	6	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	6	-	6	6	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
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, 2004; schedules presenting district-wide information include information beginning in that year.	

Borough of Spring Lake School District
Net Position by Component
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	862,979	1,024,812	1,007,068	1,266,767	1,251,534	1,261,343	1,357,025	1,480,050	1,885,544	1,919,033
Restricted	2,071,050	3,177,391	2,768,974	2,878,792	3,179,438	3,265,915	3,278,196	2,352,821	2,325,909	2,413,901
Unrestricted	338,599	188,025	444,423	226,266	59,438	76,835	86,569	713,715	(1,377,073)	(1,450,043)
Total Governmental Activities Net Assets	3,272,628	4,390,228	4,220,465	4,371,825	4,490,410	4,604,093	4,721,790	4,546,586	2,834,380	2,882,891
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	800	2,143	1,307	471	-	-	-	-	2,041	1,668
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,099	1,517	2,327	2,795	2,575	3,236	4,230	2,403	1,116	469
Total Business-type Activities Net Assets	4,899	3,660	3,634	3,266	2,575	3,236	4,230	2,403	3,157	2,137
District-wide										
Invested in Capital Assets, Net of Related Debt	863,779	1,026,955	1,008,375	1,267,238	1,251,534	1,261,343	1,357,025	1,480,050	1,887,585	1,920,701
Restricted	2,071,050	3,177,391	2,768,974	2,878,792	3,179,438	3,265,915	3,278,196	2,352,821	2,325,909	2,413,901
Unrestricted	342,698	189,542	446,750	229,061	62,013	80,071	90,799	716,118	(1,375,957)	(1,449,574)
Total District Net Assets	3,277,527	4,393,888	4,224,099	4,375,091	4,492,985	4,607,329	4,726,020	4,548,989	2,837,537	2,885,028

Source: CAFR Schedules A-1

* GASB requires that ten years of statistical data be presented.

Borough of Spring Lake School District
Changes in Net Position
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction:										
Regular:	1,815,005	1,850,184	1,891,301	1,987,568	1,922,931	2,216,761	2,119,383	1,693,205	1,668,325	1,720,469
Special Education	340,295	220,144	315,921	366,556	360,436	327,798	397,754	569,875	570,168	517,204
Other Instruction	41,966	44,023	50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046
Support Services:										
Tuition	1,666,310	1,620,480	1,734,301	1,297,325	1,490,746	1,077,317	1,126,132	1,256,070	1,434,110	1,564,872
Student & Instruction Related Services	696,071	926,473	1,062,707	1,209,172	1,201,200	1,284,629	1,194,607	1,132,302	1,090,409	911,439
School Administrative Services	94,653	99,326	106,884	109,809	114,091	75,959	76,368	86,258	77,832	75,401
General Administrative Services	151,661	156,740	165,172	161,833	144,248	275,002	197,461	156,136	153,494	167,754
Central Services & Admin. Info. Technology	142,412	145,228	152,915	159,432	158,033	161,623	165,753	153,619	147,657	138,969
Plant Operations and Maintenance	451,858	660,207	1,511,369	784,065	582,670	625,744	667,272	514,555	605,381	493,465
Pupil Transportation	365,674	303,745	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214
Unallocated Benefits	541,389	556,279	332,113	349,515	370,105	440,230	607,334	1,292,314	1,915,052	2,171,428
Capital outlay-depreciable	15,742			5,279	3,818		592	1,285	3,953	
Cancellation of Prior Year Receivables	16,335									
Capital Leases	107,202	101,451	70,457	58,566	54,513	48,657	43,963	38,330	33,843	34,882
Interest on Long-term Debt	119,763	120,882	147,929	166,379	169,614	170,762	166,329	150,724	154,355	28,480
Unallocated Depreciation	6,566,336	6,805,164	7,849,054	6,966,718	6,893,111	6,973,154	7,113,622	7,454,086	8,242,904	8,474,776
Total Governmental Activities Expenses	5,799	6,622	5,411	5,625	6,722	6,639	4,791	6,774	3,044	5,064
Business-type Activities:										
Food Service:	5,721,135	6,811,786	7,854,465	6,972,343	6,899,833	6,979,793	7,118,413	7,460,860	8,245,948	8,479,840
Total Business-type Activities Expenses	5,726,934	6,818,408	7,859,876	6,977,968	6,906,555	7,000,432	7,123,204	7,467,634	8,248,992	8,484,904
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	354,339	318,133	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537
Total Governmental Activities Program Revenues	354,339	318,133	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537
Business-type Activities:										
Charges for Services:	2,550	2,370	5,385	5,257	6,031	7,300	5,785	4,947	3,798	4,045
Food Service:	2,998	3,013								
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	2,998	3,013								
Total District Program Revenues	357,337	321,146	367,605	365,441	270,639	424,595	334,196	316,048	305,643	310,582
Net (Expense)/Revenue										
Governmental Activities	(6,211,997)	(6,487,031)	(7,486,834)	(6,606,534)	(6,628,503)	(6,555,859)	(6,785,211)	(7,142,985)	(7,941,059)	(8,168,239)
Business-type Activities	(251)	(1,239)	(26)	(568)	(691)	(661)	994	(1,827)	754	(1,019)
Total District-wide Net Expense	(6,212,248)	(6,488,270)	(7,486,860)	(6,606,902)	(6,629,194)	(6,555,198)	(6,784,217)	(7,144,812)	(7,940,305)	(8,169,258)

Borough of Spring Lake School District
Changes in Net Position
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	6,137,862	6,340,311	6,340,311	5,823,546	5,969,135	5,894,453	5,894,453	5,953,397	6,072,464	6,253,913
Taxes Levied for Debt Service	135,729	134,699	128,224	133,279	128,470	141,754	142,009	127,242	138,636	134,943
Unrestricted/Restricted Federal and State Aid	977,067	1,014,056	877,470	696,764	564,555	557,971	826,949	753,768	1,363,533	1,702,520
Tuition	98,130	96,240		9,784	6,304	9,860	3,240	2,411		99,289
Miscellaneous Income	76,268	19,325	81,492	94,521	78,624	65,504	36,257	130,963	126,986	26,085
Cancellation of accounts receivable			(426)							
Loss on refunding of long-term debt			(110,000)							
Transfers										
Total Governmental Activities	7,425,056	7,604,631	7,317,071	6,757,894	6,747,088	6,669,542	6,902,908	6,967,781	7,701,619	8,216,750
Business-type Activities:										
Miscellaneous Income										
Transfers										
Total Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total District-wide	7,425,056	7,604,631	7,317,071	6,757,894	6,747,088	6,669,542	6,902,908	6,967,781	7,701,619	8,216,750
Change in Net Position										
Governmental Activities	1,213,059	1,117,600	(169,763)	151,360	118,585	115,683	117,697	(175,204)	(239,440)	48,511
Business-type Activities	(251)	(1,239)	(26)	(368)	(691)	661	994	(1,827)	754	(1,019)
Total District	1,212,808	1,116,361	(169,789)	150,992	117,894	114,344	118,691	(177,031)	(238,686)	47,492

Source: CAFR A-2

* GASB requires that ten years of statistical data be presented.

(1) Prior to 2014 special revenue fund instruction was classified as regular instruction, this was corrected in 2014 to special education instruction.

**Borough of Spring Lake School District
Fund Balances Governmental Funds
Last Ten Fiscal Years***
(modified accrual basis of accounting)
Unaudited

	2007	2008	2009	Fiscal Year Ending June 30,		2011	2012	2013	2014	2015	2016
				210							
General Fund											
Reserved	2,047,379	3,153,817	2,839,879	2,850,716							
Unreserved	412,520	392,496	532,896	453,449							
Restricted					3,047,904	3,097,292	2,941,884	2,352,797	2,061,452	2,310,876	
Committed					111,125	110,433					
Assigned					5,284	43,138	321,315	618,760	264,451	103,019	
Unassigned					293,138	183,995	312,847	306,160	349,697	305,847	
Total General fund	2,459,899	3,546,313	3,372,775	3,304,165	3,457,451	3,434,858	3,576,046	3,277,717	2,675,600	2,719,742	
All Other Governmental Funds											
Restricted, Reported in:											
Capital Projects Fund					14,966	14,966	14,997	24	6	6	
Debt Service Fund					159	86					
Unreserved, Reported in:											
Capital Projects Fund	20,873	15,392	14,966	14,966							
Debt Service	2,798	8,182	14,129	13,110							
Total Other Governmental Funds	23,671	23,574	29,095	28,076	15,125	15,052	14,997	24	6	6	

Source: CAFR B-1

* GASB requires that ten years of statistical data be presented.

Borough of Spring Lake School District

Governmental Fund Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues											
Tax Levy	5,660,542	6,273,591	6,475,010	6,468,535	5,956,825	6,097,605	6,036,207	6,036,462	6,080,639	6,211,100	6,388,856
Other Local Revenue	105,178	190,777	128,167	139,191	105,208	124,063	107,558	77,881	133,374	126,986	125,374
State Sources	1,098,760	1,165,790	1,176,737	1,052,731	848,247	665,966	680,764	980,410	920,963	1,017,438	1,222,531
Federal Sources	99,451	149,238	142,850	129,260	207,798	124,062	262,308	136,566	143,906	133,059	146,058
Total Revenues	6,963,931	7,779,396	7,922,764	7,789,717	7,118,078	7,011,696	7,086,837	7,231,319	7,278,882	7,488,583	7,882,819
Expenditures											
Instruction:											
Regular	1,385,071	1,503,271	1,517,239	1,560,249	1,601,758	1,579,047	1,794,973	1,721,386	1,706,045	1,677,328	1,748,595
Special	232,347	274,313	201,838	232,226	273,298	276,146	251,379	308,207	569,875	570,168	517,204
Other Special Instruction	33,911	41,966	44,025	50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046
Support Services:											
Instruction - Tuition	2,034,176	1,568,317	1,620,480	1,734,301	1,297,325	1,490,746	1,077,317	1,126,132	1,256,070	1,434,110	1,564,872
Student Related Services	649,719	741,775	816,581	955,299	1,023,734	983,496	1,084,730	1,040,772	1,132,302	1,090,409	911,439
General Administration	176,751	151,661	156,740	165,172	161,833	144,245	275,002	182,773	156,136	153,494	167,754
School Administration	80,527	70,954	74,311	80,838	83,318	87,426	69,772	76,368	86,258	77,832	75,401
Central Services & Admin. Info. Technology	124,500	125,633	129,506	134,393	140,682	146,940	144,141	152,006	153,619	147,657	138,969
Operations and Maintenance	366,615	388,709	571,565	1,392,741	660,148	431,593	464,530	531,874	514,555	605,381	493,465
Student Transportation	344,982	364,674	303,745	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214
Cancellation of Prior Year Receivables		16,335		426							
Employee Benefits	944,331	1,120,871	1,124,517	1,023,208	1,140,747	1,198,301	1,348,403	1,392,028	1,292,314	1,346,805	1,477,386
Capital Outlay	195,923	50,565	62,715	115,185	-	8,199	25,571	102,603	110,034	398,802	39,470
Summer Support Services											28,818
Debt Service:											
Principal	100,000	105,000	110,000	125,000	145,000	150,000	155,000	160,000	165,000	165,000	165,000
Interest and Other Charges	114,255	108,855	103,185	80,711	62,088	54,513	50,013	45,363	40,563	35,407	30,044
Total Governmental Fund Expenditures	6,783,108	6,632,899	6,836,447	7,957,734	7,187,707	6,871,361	7,009,503	7,190,186	7,592,184	8,090,718	7,838,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	180,823	1,146,497	1,086,317	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142
Other Financing Sources (Uses)											
Operating Transfers In											
Operating Transfers Out			5,481				14,966				
Proceeds from Borrowing			(5,481)				(14,966)				
Funding of Temporary Notes											
Capital Leases (non-budgeted)											
Total Other Financing Sources (Uses)											
Net Changes in Fund Balance	180,823	1,146,497	1,086,317	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142
Debt Service as a percentage of noncapital expenditures	3.25%	3.25%	3.15%	2.62%	#VALUE!	2.98%	2.94%	2.90%	2.75%	2.61%	2.50%

Source: CAFR Schedule B-2

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.

(1) Prior to 2014 special revenue fund instruction was classified as regular instruction, this was corrected in 2014 to special education instruction.

Borough of Spring Lake School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2012	1,600	9,847	731	12,178
2013	31,700	3,222	4,557	39,479
2014	121,180	2,411	9,783	133,374
2015	80,433	2,040	44,510	126,983
2016	99,289	3,877	22,208	125,374

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,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2007	62,810,300	3,116,649,200	0	150,525,200	599,100	2,509,600	3,333,093,400	0	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	0	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	0	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	0	4,225,968	3,385,775,268	3,536,863,169	0.178
2011	88,366,100	3,156,092,400	0	144,758,100	599,100	2,509,600	3,392,325,300	0	4,197,740	3,396,523,040	3,358,513,626	0.179
2012	97,278,400	3,147,986,400	0	144,809,200	599,100	2,509,600	3,393,182,700	0	4,065,470	3,397,248,170	3,412,472,147	0.178
2013	85,233,500	3,167,943,900	0	143,603,400	599,100	2,509,600	3,399,889,500	0	0	3,399,889,500	3,374,210,701	0.178
2014	59,070,300	3,201,315,000	0	143,588,100	599,100	2,509,600	3,407,082,100	0	0	3,407,082,100	3,356,628,469	0.181
2015	72,274,400	3,241,938,600	0	144,285,000	599,100	0	3,459,097,100	0	0	3,459,097,100	3,544,640,966	0.182
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Monmouth County, Abstract of Rates 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 ^b			Overlapping Rates			Total Direct and overlapping Tax Rate
		Debt Service	Local School District	Regional School District	Municipality	County		
2007	0.187	0.004	0.191	0.000	0.200	0.253	0.644	
2008	0.189	0.004	0.193	0.000	0.200	0.253	0.646	
2009	0.181	0.004	0.185	0.000	0.200	0.260	0.645	
2010	0.174	0.004	0.178	0.000	0.203	0.268	0.649	
2011	0.174	0.005	0.179	0.000	0.205	0.263	0.647	
2012	0.174	0.004	0.178	0.000	0.204	0.276	0.658	
2013	0.174	0.004	0.178	0.000	0.208	0.284	0.670	
2014	0.177	0.004	0.181	0.000	0.218	0.287	0.686	
2015	0.178	0.004	0.182	0.000	0.220	0.296	0.698	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

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
Current and Nine Years Ago
Unaudited**

Taxpayer	2016			2004		
	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	0.56%	4,445,500	2	0.48%
Scardino T/A Breakers Hotel	17,428,500	2	0.51%	5,557,900	1	0.52%
Taxpayer #1	11,053,000	3		3,713,200	3	0.32%
Bluth Real Estate	9,114,500	4	0.27%			
Marisa & Ale Corp	7,772,100	5	0.23%	3,150,500	4	0.28%
Taxpayer #2	7,633,600	6	0.22%	2,632,500	5	0.23%
Taxpayer #3	7,283,600	7	0.21%	2,327,400	6	0.20%
Taxpayer #4	6,773,700	8	0.20%	2,319,500	7	0.20%
Chinery, Tracy Qual Pers Res Trust	6,695,700	9	0.20%	2,319,200	8	0.20%
Taxpayer #6	6,695,200	10	0.20%	2,064,200	9	0.18%
				2,063,300	10	0.18%
	<u>99,407,000</u>		<u>2.60%</u>	<u>30,593,200</u>		<u>2.79%</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	
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%	
2012	6,036,207	6,036,207	100.00%	
2013	6,036,462	5,784,944	95.83%	251,518
2014	6,080,639	6,080,639	100.00%	
2015	6,211,100	6,206,100	99.92%	5,000
2016	6,388,856	5,856,466	91.67%	532,390

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					
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	3.57%	56,955	
2011	1,445,000	-	-	-	-	-	1,445,000	4.04%	58,355	
2012	1,290,000	-	-	-	-	-	1,290,000	4.76%	61,426	
2013	1,130,000	-	-	-	-	-	1,130,000	6.43%	72,680	
2014	965,000	-	-	-	-	-	965,000	Not Available	Not Available	
2015	800,000	-	-	-	-	-	800,000	Not Available	Not Available	

**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		
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%	56,955
2011	1,445,000	-	1,445,000	0.04%	58,355
2012	1,290,000	-	1,290,000	0.04%	61,426
2013	1,130,000	-	1,130,000	0.03%	72,680
2014	965,000	-	965,000	0.03%	Not Available
2015	800,000	-	800,000	0.02%	Not Available
2016	635,000	-	635,000	0.02%	Not Available

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, 2015
Unaudited**

<u>Borough of Spring Lake</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Borough of Spring Lake 12/31/2015	\$ 4,962,257	100.000%	\$ 4,962,257
Monmouth County General Obligation Net Debt 12/31/2015	437,190,697	3.291%	14,387,946
Subtotal, overlapping debt			<u>19,350,203</u>
Spring Lake School District Direct Debt			<u>635,000</u>
Total direct and overlapping debt			<u><u>\$ 19,985,203</u></u>

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 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 78,966,947	\$ 119,509,557	\$ 131,882,232	\$ 137,327,561	\$ 140,922,769	\$ 138,874,711	\$ 136,661,063	\$ 133,624,829	\$ 133,872,727	\$ 135,958,923
Total net debt applicable to limit	1,970,000	1,865,000	1,755,000	1,740,000	1,595,000	1,445,000	1,290,000	1,130,000	965,000	635,000
Legal debt margin	\$ 76,996,947	\$ 117,644,557	\$ 130,127,232	\$ 135,587,561	\$ 139,327,769	\$ 137,429,711	\$ 135,371,063	\$ 132,494,829	\$ 132,907,727	\$ 135,323,923
Total net debt applicable to the limit as a percentage of debt limit	2.49%	1.56%	1.33%	1.27%	1.13%	1.04%	0.94%	0.85%	0.72%	0.47%

Equalized valuation basis	
2015	\$ 3,545,799,775
2014	\$ 3,487,646,740
2013	\$ 3,345,689,333
[A]	\$ 10,379,135,848
[A/3]	\$ 3,459,711,949
[B]	138,388,478 ^a
[C]	635,000
[B-C]	\$ 137,753,478

Average equalized valuation of taxable property [A/3] \$ 3,459,711,949

Debt limit (4 % of average equalization value) [B] 138,388,478 ^a

Total Net Debt Applicable to Limit [C] 635,000

Legal debt margin [B-C] \$ 137,753,478

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 NISA 18A:24-19 for a K through I2 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)
2007	3,506	192,132,306	54,801	4.30
2008	3,520	199,777,600	56,755	5.60
2009	3,542	193,998,882	54,771	9.10
2010	2,993	170,466,315	56,955	9.20
2011	2,993	174,656,515	58,355	9.70
2012	3,001	184,339,426	61,426	9.30
2013	3,001	218,040,000	72,680	8.60
2014	2,992	Not Available	Not Available	4.70
2015	2,965	Not Available	Not Available	Not Available
2016	Not Available	Not Available	Not Available	Not Available

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 was computed using Census Bureau midyear population estimates. Estimates for 2010-2012 reflect county population estimates available as of July 2014.
 - (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development
- a** Census Bureau midyear.

Borough of Spring Lake School District

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

Information not available

Source: Municipal Tax Assessor's Office.

Borough of Spring Lake School District

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	21.00	21.00	21.00	20.00	20.00	23.00	23.00	22.00	22.60	22.60
Special Education	4.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00	4.00	4.00
Other Special Instruction	4.00	4.00	3.40	4.50	4.50	5.00	2.00	4.00	3.20	3.20
Other Instruction							2.00	2.00	1.00	1.00
Support Services:										
Student & Instruction Related Services	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	8.80	8.88
Other Support Services									1.50	4.50
School Administrative Services	0.80	0.80	0.80	0.70	0.70	0.70	0.70	0.70	2.00	0.77
General Administrative Services	0.80	0.80	0.80	0.70	0.70	0.70	0.70	0.70	3.50	0.73
Central Services & Admin. Info. Technology	1.50	1.50	1.50	1.60	1.60	1.60	1.60	1.60	1.25	1.55
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	5.73
Pupil Transportation	0.40	0.40	0.40	0.20	0.20	0.20	0.20	0.20	0.25	0.20
Total	42.50	41.50	40.90	40.70	41.70	45.20	46.20	47.20	51.60	53.16

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Mountz Enrollment (a)	Total Enrollment (b)	Total Spending (b)	Cost Per Pupil (b)	Percentage Change	Teaching Staff (c)	HW Mountz Teacher/Student	Average Daily Enrollment (d)	Average Daily Attendance (d)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	253.0	N/A	N/A	14,460	N/A	30.0	08:04.0	251	237.0	-10.97%	94.42%
2008	253.5	N/A	N/A	15,191	5.06%	30.0	08:05.0	254	240.1	1.36%	94.53%
2009	263.5	N/A	N/A	18,954	24.77%	30.0	08:08.0	264	251.3	3.70%	95.19%
2010	267.0	343.0	7,131,694	20,793	9.70%	29.0	09:02.0	265	252.5	0.57%	95.28%
2011	274.0	344.7	6,781,611	19,677	-5.37%	29.0	09:05.0	270	258.1	1.96%	95.59%
2012	269.0	333.0	6,896,501	20,710	5.25%	30.0	08:09.0	268	256.3	0.74%	95.63%
2013	260.0	322.3	7,044,367	21,855	5.53%	30.0	07:00.0	257	244.3	-4.00%	95.06%
2014	244.0	305.0	7,444,918	24,409	11.69%	29.0	08:00.0	240	228.8	-6.61%	95.33%
2015	213.0	N/A	N/A	N/A	N/A	30.8	01:06.9	212	203.5	-11.56%	95.87%
2016	207.0	N/A	N/A	N/A	N/A	30.8	01:06.7	213	201.7	0.35%	94.69%

Source:

- (a) Enrollment is from ASSA dated October 15th from the year before for On Roll Students.
- (b) From Taxpayer's Guide to Education Spending. Enrollment includes sent pupils.
- (c) Teaching staff includes only full-time equivalents of certificated instructional staff.
- (d) Average daily enrollment and average daily attendance are obtained from the School Register Summary.

Note:

N/A = Data not available.
Enrollment is from October 15th ASSA.

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

**School Building Information
Last Ten Fiscal Years
Unaudited**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary:										
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	251	254	264	267	274	269	269	244	213	207
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, 2016
Elementary 1

Source: District Records, SRS

Note: Year of original construction in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is from October 15th ASSA.

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**

School Facilities	Project #'s	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
H W Mountz School	N/A	100,635	192,608	137,843	137,909	98,616	107,335	294,419	#####	169,254	89,250
Total School Facilities		<u>100,635</u>	<u>192,608</u>	<u>137,843</u>	<u>137,909</u>	<u>98,616</u>	<u>107,335</u>	<u>294,419</u>	<u>#####</u>	<u>169,254</u>	<u>89,250</u>

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Insurance Schedule
30-Jun-16
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Article I - Property		
Real and Personal Property	400,000,000	1,000
Extra Expense	50,000,000	1,000
Valuable Papers and Records	10,000,000	1,000
Demolition	25,000,000	N/A
Builders Risk	5,000,000	N/A
Accounts Receivable	250,000	N/A
Article II - Electronic Data Processing		
Hardware/Software	405,970	1,000
Article III - Equipment Breakdown		
Property Damage and Business Income	100,000,000	1,000
Article IV - Crime		
Public Employee Faithful Performance	500,000	1,000
Loss of Money and Securities	25,000	500
Money Order & Counterfeit Currency	N/A	N/A
Forgery or Alteration	25,000	500
Computer Fraud	100,000	500
Article V - Comprehensive General Liability		
Comprehensive General Liability	11,000,000	10,000
Employee Benefits	11,000,000	1,000
Terrorism	1,000,000	1,000
Article VI- Automobile		
Bodily Injury and Property Damage	11,000,000	N/A
Physical Damage	Not Covered	N/A
Environmental Liability	1,000,000	25,000
School Board Legal Liability - Errors and Omissions		
Coverage A	11,000,000	10,000
Coverage B	100,000	10,000
Workers Compensation		
Covered Payrolls - Professional	2,955,000	N/A
Covered Payrolls - Non-Professional	150,000	N/A
Bodily Injury	2,000,000	N/A
Bond		
Business Administrator Bond	200,000	500
Treasurer Bond	N/A	N/A
Student Accident		
Medical Expense Benefit, Excess	5,000,000	25,000
Accidental Death	10,000	
Medical, Max Benefit	500,000	
Dental, Max Benefit	50,000	
Flood		
Building	10,000	1,000
Contents	10,000	1,000

Source: District Records

SINGLE AUDIT SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School 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, the 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, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2016.

Internal Control Over Financial Reporting

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

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



timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Spring Lake 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 13, 2016



**Borough of Spring Lakes School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016**

SCHEDULE A
Exhibit K-2

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016	
												Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
L.D.E.A. Part B. Basic Regular	84-027	H027A150100	F7498015	148,997	7/1/2014 7/1/2015	(125,524)		125,524					
L.D.E.A. Part B. Basic Regular	84-027	H027A150100	F7498016	124,685	7/1/2015			111,534	(124,685)			(13,151)	
L.D.E.A. Part B. Preschool	84-173	H173A150114	PS498015	3,813	7/1/2014	(3,813)		3,813					
L.D.E.A. Part B. Preschool	84-173	H173A150114	PS498016	3,223	7/1/2015			1,612	(3,223)			(1,611)	
L.D.E.A. Part B. Preschool, Carryover	84-173	H173A150114	PS498010	4,135	9/1/2009 8/31/2010	432							432
Title I, Part A	84-010A	S010A150030	NCLB498016	12,331	7/1/2015			3,728	(12,331)			(8,603)	
Title II, Part A Improving Teacher Quality	84-367A	S367A150029	NCLB498015	17,349	7/1/2014	(3,722)		3,722				(200)	750
Title II, Part A Improving Teacher Quality	84-367A	S367A150029	NCLB498016	5,819	7/1/2015			5,619	(5,819)				
Title Y	84-298A	n/a	NCLB498009		9/1/2008 8/31/2009	750							
Total Special Revenue Fund						(131,877)		255,552	(146,058)			(23,565)	1,182
Total Federal Financial Awards						(131,877)		255,552	(146,058)			(23,565)	1,182

Note: Single Audit not required.

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, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Balance at June 30, 2016			MEMO				
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balances		(Accounts Receivable)	Deferred Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable
State Department of Education															
General Fund:															
Special Education Categorical Aid	16-495-034-5120-089	165,889	7/1/2015	6/30/2016											
Transportation Aid	16-495-034-5120-014	14,122	7/1/2015	6/30/2016											\$ 165,889
Security Aid	16-495-034-5120-084	4,583	7/1/2015	6/30/2016											14,122
Extraordinary Aid	15-100-034-5120-473	77,919	7/1/2014	6/30/2015	(117,707)										(4,583)
Non-Public Transportation Aid	16-100-034-5120-473	188,675	7/1/2015	6/30/2016											117,707
Non-Public Transportation Aid	15-495-034-5120-014	925	7/1/2014	6/30/2015	(925)										188,675
Non-Public Transportation Aid	16-495-034-5120-014	3,900	7/1/2015	6/30/2016											925
Per Pupil Growth Aid	16-495-034-5120-097	2,830	7/1/2015	6/30/2016											3,900
PARCC Readiness	16-495-034-5120-098	2,830	7/1/2015	6/30/2016											2,830
On-Behalf Non-contributory Insurance	16-495-034-5095-007	9,604	7/1/2015	6/30/2016											2,830
On Behalf Teacher's Pension and Annuity Fund	16-495-034-5095-006	108,897	7/1/2015	6/30/2016											9,604
On Behalf TPAF Post Retirement Medical	16-495-034-5095-001	185,312	7/1/2015	6/30/2016											192,792
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	176,535	7/1/2015	6/30/2016											240,998
															175,814
					(118,632)										92,809.4
															1,120,669
Total General Fund															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	15-100-034-5120-064	22,581	7/1/2014	6/30/2015			424								22,581
Textbook Aid	16-100-034-5120-064	21,127	7/1/2015	6/30/2016											20,803
Auxiliary Services (Chapter 192):															
Compensatory Education	16-100-034-5120-067	46,532	7/1/2015	6/30/2016											46,532
Home Instruction	15-100-034-5120-067	1,595	7/1/2014	6/30/2015	(1,595)										33,841
Nonpublic Handicapped Aid (Chapter 193):															
Supplementary Instructions	16-100-034-5120-067	17,526	7/1/2015	6/30/2016											17,526
Examination & Classification	15-100-034-5120-066	29,897	7/1/2014	6/30/2015			10,079								28,976
Examination & Classification	16-100-034-5120-066	28,976	7/1/2015	6/30/2016											(10,079)
Corrective Speech	15-100-034-5120-066	16,787	7/1/2014	6/30/2015			884								(884)
Corrective Speech	16-100-034-5120-066	15,049	7/1/2015	6/30/2016											15,049
Nursing Services Aid	15-100-034-5120-070	35,948	7/1/2014	6/30/2015			782								(782)
Nursing Services Aid	16-100-034-5120-070	33,300	7/1/2015	6/30/2016											33,300
Security Aid	16-495-034-5120-084	9,250	7/1/2015	6/30/2016			10								9,250
Technology Initiative	15-100-034-5120-373	12,128	7/1/2014	6/30/2015											(10)
Technology Initiative	16-100-034-5120-373	9,620	7/1/2015	6/30/2016											9,620
Character Education Aid	04-495-034-5120-053	4,000	7/1/2003	6/30/2004			983								983
					(612)		12,179								182,975
															(160,479)
															983
															20,901
															-
															236,955
Total Special Revenue Fund															
Less: On-Behalf TPAF Pension and Annuity Aid															
On-Behalf Non-contributory Insurance	16-495-034-5095-007	9,604	7/1/2015	6/30/2016											9,604
On Behalf Teacher's Pension and Annuity Fund	16-495-034-5095-006	108,897	7/1/2015	6/30/2016											192,792
On Behalf TPAF Post Retirement Medical	16-495-034-5095-001	185,312	7/1/2015	6/30/2016											240,998
															443,394
															(443,394)
															983
					(119,244)		12,179								(12,179)
															667,675
															(719,122)
															983
															20,901
															-
															923,834
Total State Financial Assistance															

Note: Single Audit not required.

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

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 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 \$(86) 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	\$ -0-	\$1,001,951	\$1,001,951
Special Revenue Fund	146,058	160,479	306,537
Debt Service Fund		<u>60,101</u>	<u>60,101</u>
Total Financial Awards	<u>\$146,058</u>	<u>\$1,222,531</u>	<u>\$1,368,589</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. 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, 2016. 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, 2016.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District’s financial statements and the amounts subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Borough of Spring Lake School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Not Applicable

Section II - Financial Statement Findings

None

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

Not Applicable

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

There were no prior year audit findings.