

**SCHOOL DISTRICT OF THE  
BOROUGH OF SPRING LAKE  
COUNTY OF MONMOUTH, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

**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, NEW JERSEY 07762

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Superintendent, Principal,  
Chief School Administrator  
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Louise B. Davis  
Interim School Business Administrator/Board Secretary  
732-449-2056  
Fax 732-449-4171

October 4, 2017

Honorable President and  
Members of the Board of Education  
Spring Lake Borough 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, 2017 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-Profits 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:**

The 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 Elementary School constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The students attend Manasquan High School for grades 9-12 with tuition, special education and transportation as expenses to the District Budget. The District resident enrollment on October 15, 2016 (2017-18 Aid) as reported in the Annual Application for State School Aid (ASSA) was 236.5, which is a decrease of 27 students over the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**Resident Enrollment**

<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016	236.5	(10.25%)
2015	263.5	(.094%)
2014	266	(10.1%)
2013	296	(4.2%)
2012	308.5	(0.03%)
2011	309.5	(2.8%)
2010	318.5	2%
2009	313.5	(3.2%)
2008	324	3.7%
2007	312.5	(6.0%)

**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. The District performed a Demographic Study which confirmed enrollment stabilizing.

### **3. MAJOR INITIATIVES:**

The 2016-2017 Budget contained funding for increased special education services, increased professional development, curriculum development, materials and resources for instructional improvements, and capital improvements to the Studio lab and front sign replacement.

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 eighth year of anti-bullying strategies in all grades. All Program initiatives and enhancements have been closely correlated with the New Jersey Student Learning 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, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains Budgetary controls. The objective of these Budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated Budget approved by the voters of the municipality. Annual appropriated Budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project length Budgets are approved for the capital improvements accounted for in the

Capital Projects fund. The final Budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of Fund Balance on June 30, 2017.

#### **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, 2017, the District had \$ 470,000. of outstanding school bonds and \$ 26,929. In Capital leases for two (2) 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, worker's compensation 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, Wielkottz, 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 Borough School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this Report could not have been accomplished without efficient and dedicated services of our Central office staff.

Respectfully submitted,

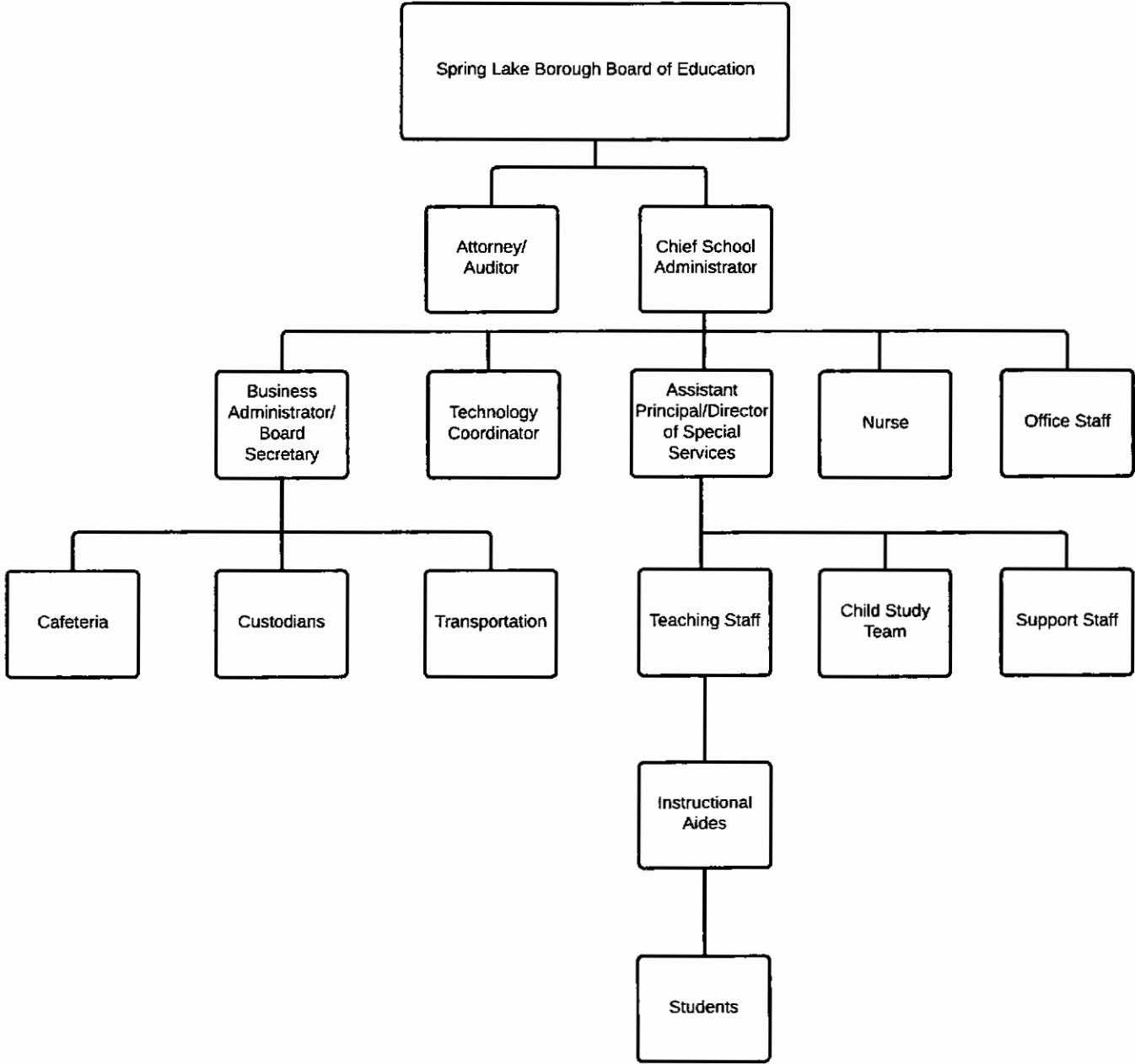
A handwritten signature in black ink that reads "Raymond J. Boccuti, Ed. D." The signature is written in a cursive style.

Dr. Raymond J. Boccuti  
Superintendent

# SPRING LAKE BOROUGH BOARD OF EDUCATION

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## Organizational Chart



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Began</u></b>	<b><u>Term Expires</u></b>
Vincent Daino, President	2017	2019
Christine Valori, Vice President	2017	2019
Alan Ferraro	2015	2017
Melissa Foy	2016	2018
Dr. Barton Sterling	2016	2018

**Other Officials**

Dr. Raymond Boccuti, Superintendent

Nicholas Puleio, Interim 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.

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Steven D. Wielkotz, CPA, RMA  
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## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2017, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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  
Page 2.

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, 2017, 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 4, 2017 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 4, 2017



**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, 2017**

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, 2017. 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 decreased \$79,423. Net position of governmental activities decreased \$79,798 while net position of business-type activity increased by \$375.
- General revenues accounted for \$8,932,662 revenue or 97.28 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$250,049 or 2.72 percent of total revenues of \$9,182,711.
- The School District had \$9,259,601 in expenses related to governmental activities; only \$247,141 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$8,932,662 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, 2017  
(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, 2017  
(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, 2017  
(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 \$2,805,605 at June 30, 2017. Of this amount, \$(1,317,753) 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>						
Current and Other Assets	3,017,048	2,890,212	1,325	469	3,018,373	2,890,681
Capital Assets	<u>2,471,025</u>	<u>2,588,915</u>	<u>1,294</u>	<u>1,668</u>	<u>2,472,319</u>	<u>2,590,583</u>
Total Assets	<u>5,488,073</u>	<u>5,479,127</u>	<u>2,619</u>	<u>2,137</u>	<u>5,490,692</u>	<u>5,481,264</u>
Deferred Outflow of Resources	<u>802,171</u>	<u>487,750</u>	—	—	<u>802,171</u>	<u>487,750</u>
<b>Liabilities</b>						
Current Liabilities	557,420	244,927	107		557,527	244,927
Noncurrent Liabilities	<u>2,721,159</u>	<u>2,656,870</u>	—	—	<u>2,721,159</u>	<u>2,656,870</u>
Total Liabilities	<u>3,278,579</u>	<u>2,901,797</u>	<u>107</u>	—	<u>3,278,686</u>	<u>2,901,797</u>
Deferred inflows of Resources	<u>208,572</u>	<u>182,189</u>	—	—	<u>208,572</u>	<u>182,189</u>
<b>Net Position</b>						
Invested in Capital Assets-						
Net of Debt	1,974,096	1,919,033	1,294	1,668	1,975,390	1,920,701
Restricted	2,147,968	2,413,901			2,147,968	2,413,901
Unrestricted	<u>(1,318,971)</u>	<u>(1,450,043)</u>	<u>1,218</u>	<u>469</u>	<u>(1,317,753)</u>	<u>(1,449,574)</u>
Total Net Position	<u>2,803,093</u>	<u>2,882,891</u>	<u>2,512</u>	<u>2,137</u>	<u>2,805,605</u>	<u>2,885,028</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales			2,908	4,045	2,908	4,045
Operating Grants and Contributions	247,141	306,537			247,141	306,537
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	6,378,991	6,253,913			6,378,991	6,253,913
Debt Service	131,083	134,943			131,083	134,943
Federal and State Aid	2,199,105	1,702,520			2,199,105	1,702,520
Miscellaneous Income	<u>223,483</u>	<u>125,374</u>	<u>—</u>	<u>—</u>	<u>223,483</u>	<u>125,374</u>
Total Revenues and Transfers	<u>9,179,803</u>	<u>8,523,287</u>	<u>2,908</u>	<u>4,045</u>	<u>9,182,711</u>	<u>8,527,332</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	1,732,162	1,720,469			1,732,162	1,720,469
Special Education	455,714	517,204			455,714	517,204
Other Instruction	71,802	71,046			71,802	71,046
Support Services:						
Tuition	1,535,683	1,564,872			1,535,683	1,564,872
Student & Instruction						
Related Services	947,424	911,439			947,424	911,439
School Administrative						
Services	78,666	75,401			78,666	75,401
General Administrative						
Services	151,317	167,754			151,317	167,754
Central Services and Admin.	145,150	131,227			145,150	131,227
Admin. Info. Technology	8,973	7,742			8,973	7,742
Plant Operations and						
Maintenance	590,191	493,465			590,191	493,465
Pupil Transportation	429,919	409,214			429,919	409,214
Summer Support Services	31,477				31,477	
Unallocated Benefits	2,890,883	2,171,428			2,890,883	2,171,428
Capital Leases		34,882				34,882
Capital Outlay - Non-						
Depreciable	913				913	
Interest on Long-Term Debt	22,791	28,480			22,791	28,480
Unallocated depreciation	166,536	170,153			166,536	170,153
Food Service			2,533	5,064	2,533	5,064
Total Expenses	<u>9,259,601</u>	<u>8,474,776</u>	<u>2,533</u>	<u>5,064</u>	<u>9,262,134</u>	<u>8,479,840</u>
Increase or (Decrease) in						
Net Position	<u>(79,798)</u>	<u>48,511</u>	<u>375</u>	<u>(1,019)</u>	<u>(79,423)</u>	<u>47,492</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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 \$9,262,134. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,510,074 because some of the cost was paid by those who benefitted from the programs \$2,908, by other governments and organizations who subsidized certain programs with grants and contributions \$2,447,141, and by miscellaneous sources \$2,422,588.

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 \$375.
- ✓ Charges for services provided totaled \$2,908. 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, 2017, 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 decreased by \$42,038 for a decrease in federal and state grant awards.

**General Fund**

The general fund actual revenue was \$7,488,788. That amount is \$773,787 above the final amended budget of \$6,715,001. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$623,173 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$84,783 excess in tuition and miscellaneous anticipated revenues and \$65,831 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, 2017  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)**

**General Fund, (continued)**

The actual expenditures of the general fund were \$7,505,379 which is \$142,591 above the final amended budget of \$7,362,788. 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 \$623,173 and \$480,582 of unexpended budgeted funds.

**Special Revenue Fund**

The special revenue fund actual revenue was \$247,141. That amount is less than the original budget estimate of \$289,179 and equal to the final amended budget of \$247,141.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2017 the School District had \$6,491,111 invested in sites, buildings and equipment. Of this amount, \$4,018,792 in depreciation has been taken over the years. We currently have a net book value of \$2,472,319. Total additions for the year were \$54,536. Total depreciation for the year was \$166,910. Table 3 shows fiscal year 2017 balances compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land Improvements	492,117	492,117			492,117	492,117
Buildings and Improvements	1,748,135	1,944,623			1,748,135	1,944,623
Furniture, Equipment and Vehicles	<u>230,773</u>	<u>152,175</u>	<u>1,294</u>	<u>1,668</u>	<u>232,067</u>	<u>153,843</u>
	<u>2,471,025</u>	<u>2,588,915</u>	<u>1,294</u>	<u>1,668</u>	<u>2,472,319</u>	<u>2,590,583</u>

**Debt Administration**

At June 30, 2017, the District had \$2,889,112 of outstanding debt. Of this amount, \$147,692 is for compensated absences; \$470,000 of serial bonds for school construction; \$2,244,491 for the net pension obligation for PERS and \$26,929 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, 2017  
(CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Many factors were considered by the District during the process of developing the 2017-2018 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:

Ms. Louise Davis,  
Acting 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, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	1,169,832	1,325	1,171,157
Receivables, net	692,192		692,192
Restricted assets:			
Cash and cash equivalents	1,155,024		1,155,024
Land	492,117		492,117
Other Capital Assets, net	1,978,908	1,294	1,980,202
Total Assets	<u>5,488,073</u>	<u>2,619</u>	<u>5,490,692</u>
Deferred outflow of resources	<u>802,171</u>		<u>802,171</u>
<b>LIABILITIES</b>			
Accounts payable	323,703	107	323,810
Accrued interest on bonds	5,454		5,454
Payable to federal and state government	40,112		40,112
Deferred revenue	20,198		20,198
Noncurrent liabilities:			
Due within one year	167,953		167,953
Due beyond one year	2,721,159		2,721,159
Total liabilities	<u>3,278,579</u>	<u>107</u>	<u>3,278,686</u>
Deferred inflow of resources	<u>208,572</u>		<u>208,572</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,974,096	1,294	1,975,390
Restricted for:			
Other Purposes	2,147,968		2,147,968
Unrestricted	(1,318,971)	1,218	(1,317,753)
Total net position	<u>2,803,093</u>	<u>2,512</u>	<u>2,805,605</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, 2017

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	1,732,162			-		(1,732,162)		(1,732,162)
Special education	455,714		192,868			(262,846)		(262,846)
Other instruction	71,802					(71,802)		(71,802)
Support services:								
Tuition	1,535,683					(1,535,683)		(1,535,683)
Student & instruction related services	947,424		54,273			(893,151)		(893,151)
School administrative services	78,666					(78,666)		(78,666)
General administrative services	151,317					(151,317)		(151,317)
Central Services	145,150					(145,150)		(145,150)
Admin. Info. Technology	8,973					(8,973)		(8,973)
Plant operations and maintenance	590,191					(590,191)		(590,191)
Pupil transportation	429,919					(429,919)		(429,919)
Employee Benefits	2,882,869					(2,882,869)		(2,882,869)
Capital outlay-undepreciable	913					(913)		(913)
Summer Support Services	31,477					(31,477)		(31,477)
Interest on long-term debt	22,791					(22,791)		(22,791)
Unallocated depreciation	166,536					(166,536)		(166,536)
Total governmental activities	9,251,587			247,141		(9,004,446)		(9,004,446)
Business-type activities:								
Food Service	2,533						375	375
Total business-type activities	2,533						375	375
Total primary government	9,254,120			247,141		(9,004,446)		(9,004,071)
General revenues:								
Property Taxes Levied for:								
General Purposes						6,378,991		6,378,991
Debt Service						131,083		131,083
Federal and State aid not restricted						2,132,705		2,132,705
State aid restricted						58,386		58,386
Tuition						123,525		123,525
Miscellaneous Income						99,958		99,958
Total general revenues, special items, extraordinary items and transfers						8,924,648		8,924,648
Change in Net Position						(79,798)	375	(79,423)
Net Position—beginning						2,882,891	2,137	2,885,028
Net Position—ending						2,803,093	2,512	2,805,605

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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	1,168,945	887		1,169,832
Receivables from Other Governments	616,461	75,731		692,192
Restricted Cash and Cash Equivalents	<u>1,155,024</u>			<u>1,155,024</u>
Total Assets	<u><u>2,940,430</u></u>	<u><u>76,618</u></u>		<u><u>3,017,048</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	237,233	16,970		254,203
Payable to State Government		40,112		40,112
Deferred Revenue	<u>662</u>	<u>19,536</u>		<u>20,198</u>
Total Liabilities	<u><u>237,895</u></u>	<u><u>76,618</u></u>		<u><u>314,513</u></u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	481,760			481,760
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	511,184			511,184
Emergency Reserve	250,000			250,000
Maintenance Reserve	324,977			324,977
Capital Reserve	580,047			580,047
Tuition Reserve				
Debt Service				
Assigned to:				
Year end encumbrances	103,250			103,250
Tuition Adjustment	80,255			80,255
Designated for Subsequent Year's Expenditures	74,868			74,868
Unassigned:				
General Fund	296,194			296,194
Total Fund Balances	<u><u>2,702,535</u></u>			<u><u>2,702,535</u></u>
Total Liabilities and Fund Balances	<u><u>2,940,430</u></u>	<u><u>76,618</u></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 \$6,481,199 and the accumulated depreciation is \$4,010,174.	2,471,025
Deferred outflow of resources	802,171
Deferred inflow of resources	(208,572)
Accounts payable for PERS payment subsequent to the measurement date.	(69,500)
Interest on Long-term debt accrued	(5,454)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,889,112)</u>
Net position of governmental activities	<u><u>2,803,093</u></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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	6,378,991		131,083	6,510,074
Tuition	123,525		-	123,525
Miscellaneous	99,958			99,958
Total - Local Sources	<u>6,602,474</u>	-	131,083	<u>6,733,557</u>
State Sources	885,698	150,511	58,386	1,094,595
Federal Sources	-	96,630		96,630
Total Revenues	<u>7,488,172</u>	<u>247,141</u>	<u>189,469</u>	<u>7,924,782</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	1,748,948			1,748,948
Special Education Instruction	262,846	192,868		455,714
Other Instruction	71,802			71,802
Support Services and Undistributed Costs:				
Tuition	1,535,683			1,535,683
Student & Instruction Related Services	893,151	54,273		947,424
General Administrative Services	151,317			151,317
School Administrative Services	78,666			78,666
Central Services	145,150			145,150
Admin. Info. Technology	8,973			8,973
Plant Operations and Maintenance	590,191			590,191
Pupil Transportation	429,919			429,919
Employee Benefits	1,501,807			1,501,807
Debt Service:				
Principal			165,000	165,000
Interest and Other Charges			24,475	24,475
Capital Outlay	55,449			55,449
Summer Support Services	31,477			31,477
Total Expenditures	<u>7,505,379</u>	<u>247,141</u>	<u>189,475</u>	<u>7,941,995</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(17,207)</u>	-	<u>(6)</u>	<u>(17,213)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				-
Transfers out				-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances				
	(17,207)	-	(6)	(17,213)
Fund Balance—July 1	<u>2,719,742</u>		<u>6</u>	<u>2,719,748</u>
Fund Balance—June 30	<u>2,702,535</u>	<u>-</u>	<u>-</u>	<u>2,702,535</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, 2017**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		(17,213)									
<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;">(166,536)</td> <td style="width: 20%;"></td> </tr> <tr> <td>Depreciable Capital outlays</td> <td style="text-align: right;"><u>54,536</u></td> <td style="text-align: right;">(112,000)</td> </tr> </table>	Depreciation expense	(166,536)		Depreciable Capital outlays	<u>54,536</u>	(112,000)					
Depreciation expense	(166,536)										
Depreciable Capital outlays	<u>54,536</u>	(112,000)									
<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		16,786									
<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;">7,138</td> </tr> <tr> <td>Current Year Accrued Interest</td> <td></td> <td style="text-align: right;">(5,454)</td> </tr> </table>	Prior Year Accrued Interest		7,138	Current Year Accrued Interest		(5,454)					
Prior Year Accrued Interest		7,138									
Current Year Accrued Interest		(5,454)									
<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;">69,383</td> <td style="width: 20%;"></td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right;"><u>(203,438)</u></td> <td></td> </tr> <tr> <td>Increase in Pension Expense</td> <td></td> <td style="text-align: right;">(134,055)</td> </tr> </table>	District Pension Contributions	69,383		Less: Pension Expense	<u>(203,438)</u>		Increase in Pension Expense		(134,055)		
District Pension Contributions	69,383										
Less: Pension Expense	<u>(203,438)</u>										
Increase in Pension Expense		(134,055)									
<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;">1,247,007</td> <td style="width: 20%;"></td> </tr> <tr> <td>Increase in On-behalf TPAF Pension Expense</td> <td style="text-align: right;"><u>(1,247,007)</u></td> <td></td> </tr> </table>	Increase in On-behalf State Aid TPAF Pension	1,247,007		Increase in On-behalf TPAF Pension Expense	<u>(1,247,007)</u>						
Increase in On-behalf State Aid TPAF Pension	1,247,007										
Increase in On-behalf TPAF Pension Expense	<u>(1,247,007)</u>										
<b>Change in net assets of governmental activities</b>		<u><u>(79,798)</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, 2017**

	<b>Business-Type Activities - Enterprise Fund</b>	
	<b>Food Service Program</b>	<b>Total Enterprise Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	1,325	1,325
Total Current Assets	1,325	1,325
Noncurrent Assets:		
Capital Assets:		
Equipment	9,912	9,912
Less Accumulated Depreciation	(8,618)	(8,618)
Total Capital Assets (Net of Accumulated Depreciation)	1,294	1,294
Total Assets	2,619	2,619
<b>LIABILITIES</b>		
Current Liabilities:		
Account Payable	107	107
Total Current Liabilities	107	107
<b>NET ASSETS</b>		
Invested in Capital Assets Net of Related Debt	1,294	1,294
Unrestricted	1,218	1,218
Total Net Position	2,512	2,512

**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, 2017**

	<b>Business-Type Activities - Enterprise Fund</b>	
	<b>Food Service Program</b>	<b>Total Enterprise Fund</b>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	2,908	2,908
Total Operating Revenues	2,908	2,908
 Operating Expenses:		
Cost of Sales	2,160	2,160
Depreciation Expense	373	373
Total Operating Expenses	2,533	2,533
Operating Income (Loss)	375	375
 Transfers In (Out)		-
Change in Net Position	375	375
Total Net Position—Beginning	2,137	2,137
Total Net Position—Ending	2,512	2,512

**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, 2017**

	<b>Food Service Program</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	2,908	2,908
Payments to Vendors	(2,053)	(2,053)
Net Cash Provided by (Used for) Operating Activities	<u>855</u>	<u>855</u>
<b>Cash to investing activities</b>		
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	855	855
Balances—Beginning of Year	470	470
Balances—End of Year	<u>1,325</u>	<u>1,325</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	375	375
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	373	373
Increase in Accounts Payable	107	
Total Adjustments	<u>480</u>	<u>373</u>
Net Cash Provided by (Used for) Operating Activities	<u>855</u>	<u>748</u>

**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, 2017**

**Fiduciary Funds**

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	45,515	532	27,703
Due from Payroll Agency	-		
Total Assets	<u>45,515</u>	<u>-</u>	<u>27,703</u>
<b>LIABILITIES</b>			
Payable to student groups			18,014
Payroll deductions and withholdings			9,689
Total Liabilities	<u>-</u>	<u>-</u>	<u>27,703</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>45,515</u>		
Reserved for Scholarships		<u>532</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, 2017**

	<b>Unemployment Compensation Trust Fund</b>	<b>Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 1,731	
District Contribution	-	
Total Contributions	1,731	0
Investment earnings:		
Net investment earnings	81	2
Total additions	1,812	2
<b>DEDUCTIONS</b>		
Quarterly contribution reports	362	
Scholarships awarded		100
Total deductions	362	100
Change in net position	1,450	(98)
Net position - beginning of the year	44,065	630
Net position - end of the year	\$ 45,515	\$ 532

**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, 2017**

**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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school, located in the Borough of Spring Lakes. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

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

**I. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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, 2016 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, 2017**

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

**L. Compensated Absences:**

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

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

**M. Deferred Revenue:**

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

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(A) 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, 2017**

**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.

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, 2017**

**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, 2017**

**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, 2017**

**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 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 had no transactions of this type for the year ended June 30, 2017.

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.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**X. Recent Accounting Pronouncements: (continued)**

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.

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.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**X. Recent Accounting Pronouncements: (continued)**

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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**X. Recent Accounting Pronouncements: (continued)**

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

As of June 30, 2017, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$1,696,181
State of New Jersey Cash Management Fund	<u>711,470</u>
	<u>\$2,407,651</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

During the period ended June 30, 2017, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017 was \$2,407,651 and the bank balance was \$2,585,747. 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, 2017, \$0- of the Board's bank balance of \$2,585,747 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.

**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, 2017, the District has \$711,470 on deposit with the New Jersey Cash Management Fund.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 4. RECEIVABLES:**

Receivables at June 30, 2017, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
Tax Levy	\$542,508		\$542,508
State Aid	73,953		73,953
Federal Aid	50,430		50,430
Other	<u>25,301</u>	_____	<u>25,301</u>
Gross receivables	692,192		692,192
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$692,192</u>	<u>\$</u>	<u>\$692,192</u>

**NOTE 5. INTERFUND BALANCES AND TRANSFERS:**

The District had no interfund balances as of June 30, 2017.

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/17</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$492,117	\$	\$	\$492,117
Construction in Progress	_____	_____	_____	_____
Total Capital Assets, Not Being Depreciated	<u>492,117</u>	_____	_____	<u>492,117</u>
Capital Assets Being Depreciated				
Buildings and Improvements	5,367,158			5,367,158
Furniture, Equipment and Vehicles	<u>567,388</u>	<u>54,536</u>	_____	<u>621,924</u>
Total Capital Assets, Being Depreciated	<u>5,934,546</u>	<u>54,536</u>	_____	<u>5,989,082</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,490,835)	(128,188)		(3,619,023)
Furniture, Equipment and Vehicles	<u>(352,803)</u>	<u>(38,348)</u>	_____	<u>(391,151)</u>
Total Accumulated Depreciation	<u>(3,843,638)</u>	<u>(166,536)</u>	_____	<u>(4,010,174)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,090,908</u>	<u>(112,000)</u>	_____	<u>1,978,908</u>
Governmental Activities Capital Assets, Net	<u>\$2,583,025</u>	<u>(\$112,000)</u>	=====	<u>\$2,471,025</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 6. CAPITAL ASSETS: (continued)**

	<u>Balance 6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/17</u>
<b>Business-Type Activity</b>				
Machinery and Equipment	<u>\$9,912</u>	<u>\$</u>	<u>\$</u>	<u>\$9,912</u>
Totals	<u>9,912</u>	<u>—</u>	<u>—</u>	<u>9,912</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(8,244)</u>	<u>(374)</u>	<u>—</u>	<u>(8,618)</u>
Total Accumulated Depreciation	<u>(8,244)</u>	<u>(374)</u>	<u>—</u>	<u>(8,618)</u>
Business-Type Activity Capital Assets, Net	<u>\$1,668</u>	<u>(\$374)</u>	<u>\$</u>	<u>\$1,294</u>

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

**NOTE 7. LONG-TERM DEBT OBLIGATIONS:**

Changes in long-term obligations for the fiscal year ended June 30, 2017 are as follows:

	<u>Balance 6/30/16</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/17</u>	<u>Due Within One Year</u>
Compensated absences payable	\$164,478	\$	\$16,786	\$147,692	\$
Net Pension Obligation	1,822,510	421,981		2,244,491	
Bonds payable	635,000		165,000	470,000	160,000
Capital Lease Payable	<u>34,882</u>	<u>—</u>	<u>7,953</u>	<u>26,929</u>	<u>7,953</u>
	<u>\$2,656,870</u>	<u>\$421,981</u>	<u>\$189,739</u>	<u>\$2,889,112</u>	<u>\$167,953</u>

**A. Bonds Payable:**

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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.



**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
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**NOTE 7. LONG-TERM DEBT OBLIGATIONS: (continued)**

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

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$470,000</u>	<u>\$37,800</u>	<u>\$507,800</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, 2017, the District had no authorized but not issued bonds.

**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, 2017:

2018	\$7,953
2019	7,953
2020	7,953
2021	<u>3,070</u>
	<u>\$26,929</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](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
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**NOTE 8. PENSION PLANS: (continued)**

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

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**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.

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

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>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$67,325	\$3,800
6/30/16	69,800	2,800
6/30/15	74,865	1,873

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	Pension	Post-Retirement	NCGI	Long-Term
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
<u>6/30/17</u>	<u>\$238,528</u>	<u>\$205,950</u>	<u>\$8,642</u>	<u>Insurance</u>
6/30/16	192,792	240,998	9,604	\$628
6/30/15	108,897	185,312	7,835	

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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 \$169,425 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, 2017, the District had a liability of \$2,244,491 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportion was .0075783524 percent, which was a decrease of .0054046 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$203,438. At June 30, 2017, 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>
Difference in actual and expected experience	\$41,741	\$
Changes of assumptions	464,939	
Net difference between projected and actual earnings on pension plan investments	85,584	
Changes in proportion and differences between District contributions and proportionate share of contributions	140,407	208,572
District contributions subsequent to the measurement date	<u>69,500</u>	
Total	<u>\$802,171</u>	<u>\$208,572</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

The \$69,500 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$133,343
2018	133,343
2019	154,482
2020	129,788
2021	41,308

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	.0075783524%	.0081188110%

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016, 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$2,750,361	\$2,244,491	\$1,826,251

**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). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**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 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, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>19,886,278</u>
	<u>\$19,886,278</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. 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, 2016, the proportion of the TPAF net pension liability associated with the District was .0252792630%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$1,494,177 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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. 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	7.65%

**Mortality Rates**

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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:

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AXA

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**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, 2017, a liability existed for compensated absences in the Food Service Fund in the amount of \$-0-.

**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

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 12. RISK MANAGEMENT: (continued)**

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:

Fiscal Year	Employee Contributions/ Interest Earnings/ District Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$1,812	\$362	\$45,515
2015-2016	3,809	899	44,065
2014-2015	5,558	3,155	41,155

**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.

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$617,547
Budgeted Withdrawal	<u>(37,500)</u>
Ending balance, June 30, 2017	<u>\$580,047</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)**

The June 30, 2017 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2017 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	<u>\$250,000.00</u>
Ending balance, June 30, 2018	<u>\$250,000.00</u>

**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). EFCRA 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$372,291
Interest Earnings	2,686
Budgeted Withdrawal	<u>(50,000)</u>
Ending balance, June 30, 2017	<u>\$324,977</u>

**Borough of Spring Lake School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 16. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$2,702,535 General Fund fund balance at June 30, 2017, \$103,250 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); \$324,977 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); \$-0- has been legally established as a tuition reserve in accordance with N.J.A.C. 6A:23A-17.1(f); \$992,944 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$511,184 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$580,047 has been reserved in the Capital Reserve Account; \$74,868 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$296,194 is unreserved and undesignated.

**Debt Service Fund** - The Debt Service Fund fund balance at June 30, 2017 of \$-0- is restricted for the payment of debt service.

**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, 2017 is \$992,944 of which \$481,760 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 4, 2017, 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, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	6,378,991		6,378,991	6,378,991		
Tuition	111,000		111,000	123,525		12,525
Miscellaneous	27,700		27,700	99,958		72,258
Total - Local Sources	6,517,691		6,517,691	6,602,474		84,783
State Sources:						
Categorical Transportation Aid	17,215		17,215	17,215		
Categorical Security Aid	5,059		5,059	5,059		
Categorical Special Education Aid	167,006		167,006	167,006		
Extraordinary Aid				59,628		59,628
Non-public Transportation Aid				6,203		6,203
Other State Aids	8,030		8,030	8,030		
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				239,156		239,156
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				205,950		205,950
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				8,642		8,642
TPAF Social Security (Reimbursed - Non-Budgeted)				169,425		169,425
Total - State Sources	197,310		197,310	886,314		689,004
<b>TOTAL REVENUES</b>	<b>6,715,001</b>		<b>6,715,001</b>	<b>7,488,788</b>		<b>773,787</b>

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool Salaries of Teachers	68,745	137	68,882	68,332	550	
Kindergarten - Salaries of Teachers	104,460	(1,160)	103,300	101,900	1,400	
Grades 1-5 - Salaries of Teachers	813,725	(5,764)	807,961	784,132	23,829	
Grades 6-8 - Salaries of Teachers	575,310	24,657	599,967	599,967		
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	10,000	5,432	15,432	15,432		
General Supplies	250		250		250	
<b>Regular Programs - Undistributed Instruction</b>						
Other Salaries for Instruction	37,161	2,212	39,373	38,841	532	
Purchased Technical Services	38,288	(4,099)	34,189	33,538	651	
Other Purchased Services (400-500 series)	7,859	(1,651)	6,208	6,200	8	
General Supplies	112,142	15,918	128,060	86,586	41,474	
Textbooks	5,000	(5,000)				
Other Objects	14,430	400	14,830	14,020	810	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>1,787,370</b>	<b>31,082</b>	<b>1,818,452</b>	<b>1,748,948</b>	<b>69,504</b>	
<b>Special Education Instruction - Resource Room/Resource Center</b>						
Salaries of Teachers	250,980	(50,141)	200,839	185,868	14,971	
Other salaries for instruction	126,949	(5,834)	121,115	73,734	47,381	
Purchased Technical Services	500	191	691	691		
Other Purchased Services (400-500 series)	900		900	900		
General Supplies		8,966	8,966	780	8,186	
Other Objects	350		350	312	38	
Textbooks	3,000	(2,391)	609	561	48	
<b>Total Resource Room/Resource Center</b>	<b>382,679</b>	<b>(49,209)</b>	<b>333,470</b>	<b>262,846</b>	<b>70,624</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>382,679</b>	<b>(49,209)</b>	<b>333,470</b>	<b>262,846</b>	<b>70,624</b>	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	10,000		10,000	6,393	3,607	
General Supplies	200		200		200	
<b>Total Basic Skills/Remedial - Instruction</b>	10,200		10,200	6,393	3,807	
<b>School-Sponsored Cocurricular Activities - Instruction</b>						
Salaries of Teachers	32,179	(2,183)	29,996	29,996		
General Supplies	600		600		600	
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	32,779	(2,183)	30,596	29,996	600	
<b>School-Sponsored Athletics - Instruction</b>						
Salaries	20,050		20,050	20,050		
Purchased Services (300-500 series)	6,500		6,500	5,860	640	
Supplies and Materials	2,350	4,139	6,489	6,489		
Other Objects	3,075		3,075	3,014	61	
<b>Total School-Athletics - Instruction</b>	31,975	4,139	36,114	35,413	701	
<b>Total Instructional Programs - Instruction</b>	74,954	1,956	76,910	71,802	5,108	
<b>TOTAL INSTRUCTION</b>	2,245,003	(16,171)	2,228,832	2,083,596	145,236	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Regular	743,192	(39,464)	703,728	702,278	1,450	
Tuition to Other LEAs Within the State - Special	222,846	(34,531)	188,315	186,246	2,069	
Tuition to County Voc. School Dist. - Regular	99,840		99,840	93,600	6,240	
Tuition to County Voc. School Dist. - Special	120,075	(112,117)	7,958	5,400	2,558	
Tuition to Private Schools for the Disabled - Within State	490,278	72,884	563,162	548,159	15,003	
<b>Total Undistributed Expenditures - Instruction:</b>	1,676,231	(113,228)	1,563,003	1,535,683	27,320	
<b>Undist. Expend. - Attendance &amp; Social Work</b>						
Salaries	43,733		43,733	43,733		
Purchased Professional and Technical Services	600		600		600	
Supplies and Materials	1,000		1,000		1,000	
<b>Total Undist. Expend. - Attendance &amp; Social Work</b>	45,333		45,333	43,733	1,600	
<b>Undist. Expend. - Health Services</b>						
Salaries	74,445	137	74,582	73,382	1,200	
Purchased Professional and Technical Services	2,100		2,100	1,878	222	
Other Purchased Services (400-500 series)	1,500		1,500	1,080	420	
Supplies and Materials	3,800		3,800	2,353	1,447	
Other Objects	300		300	165	135	
<b>Total Undistributed Expenditures - Health Services</b>	82,145	137	82,282	78,858	3,424	
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>						
Salaries	83,595		83,595	83,595		
Purchased Professional - Educational Services	55,000	(3,320)	51,680	31,724	19,956	
Supplies and Materials	1,300	4,095	5,395	4,703	692	
Other Objects	500	(200)	300	64	236	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	140,395	575	140,970	120,086	20,884	
<b>Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>						
Salaries	19,648	843	20,491	20,491		
Purchased Professional - Educational Services	80,000		80,000	50,135	29,865	
Supplies and Materials	3,500		3,500	1,315	2,185	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>	103,148	843	103,991	71,941	32,050	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Undist. Expend. - Child Study Team</b>						
Salaries of Other Professional Staff	157,748		157,748	148,677	9,071	
Salaries of Secretarial and Clerical Assistants	44,947	3,565	48,512	48,512		
Purchased Professional - Educational Services	7,500		7,500		7,500	
Other Purchased Prof. And Tech Services	832		832	550	282	
Supplies and Materials	5,800	(575)	5,225	3,606	1,619	
Other Objects	300		300		300	
<b>Total Undist. Expend. - Other Supp. Serv. Students-Special</b>	<b>217,127</b>	<b>2,990</b>	<b>220,117</b>	<b>201,345</b>	<b>18,772</b>	
<b>Undist. Expend. - Improvement of Instructional Services</b>						
Salaries of Supervisor of Instruction	111,973	6,460	118,433	118,433		
Salaries of Other Professional Staff	1,500		1,500		1,500	
Salaries of Secretarial and Clerical Assistants	41,506		41,506	41,506		
Other Purchased Services (400-500 series)	1,920		1,920	1,120	800	
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>156,899</b>	<b>6,460</b>	<b>163,359</b>	<b>161,059</b>	<b>2,300</b>	
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>						
Salaries	80,195	10,230	90,425	90,425		
Salaries of Technology Coordinators	84,044		84,044	78,560	5,484	
Purchased Professional - Technical Services	16,745	2,500	19,245	17,827	1,418	
Other Purchased Services (400-500 series)	10,883	754	11,637	6,308	5,329	
Supplies and Materials	8,231		8,231	5,212	3,019	
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>200,098</b>	<b>13,484</b>	<b>213,582</b>	<b>198,332</b>	<b>15,250</b>	
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Other Salaries	5,000		5,000	3,415	1,585	
Purchased Professional - Educational Services	3,700		3,700		3,700	
Other Purchased Prof. And Tech Services	3,000		3,000	1,900	1,100	
Other Purchased Services (400-500 series)	12,748		12,748	12,253	495	
Supplies and Materials	3,000		3,000	229	2,771	
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>27,448</b>		<b>27,448</b>	<b>17,797</b>	<b>9,651</b>	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Undist. Expend. - Supp. Serv. - General Administration</b>						
Salaries	70,442	39	70,481	70,480	1	
Legal Services	35,760		35,760	20,011	15,749	
Audit Fees	15,160		15,160	14,688	472	
Other Purchased Professional Services	5,300	19,250	24,550	17,938	6,612	
Purchased Technical Services	3,720	940	4,660	4,650	10	
Communications/Telephone	15,456	44	15,500	14,264	1,236	
BOE Other Purchased Services	7,125		7,125	3,447	3,678	
Other Purchased Services (400-500 series)	1,950		1,950	1,400	550	
General Supplies	1,500		1,500	524	976	
Judgments Against the School District	35,000	(35,000)				
BOE Membership Dues and Fees	4,100		4,100	3,915	185	
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>195,513</b>	<b>(14,727)</b>	<b>180,786</b>	<b>151,317</b>	<b>29,469</b>	
<b>Undist. Expend. - Support Serv. - School Administration</b>						
Salaries of Principals/Assistant Principals	65,000		65,000	65,000		
Salaries of Secretarial and Clerical Assistants	10,192		10,192	10,192		
Other Purchased Services (400-500 series)	1,159		1,159	1,039	120	
Supplies and Materials	2,464		2,464	1,958	506	
Other Objects	2,000		2,000	477	1,523	
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>80,815</b>		<b>80,815</b>	<b>78,666</b>	<b>2,149</b>	
<b>Undistributed Expenditures-Central Services</b>						
Salaries	108,709	30,799	139,508	139,507	1	
Misc Pur Serv (400-500 series O'than Resid Costs)	6,129		6,129	5,186	943	
Supplies and Materials	750		750	457	293	
<b>Total Undistributed-Central Services</b>	<b>115,588</b>	<b>30,799</b>	<b>146,387</b>	<b>145,150</b>	<b>1,237</b>	
<b>Undistributed Expenditures-Admin. Info. Tech.</b>						
Purchased Technical Services	8,505		8,505	8,426	79	
Supplies and Materials	600	31,588	32,188	547	31,641	
<b>Total Undistributed Expenditures-Admin. Info. Tech.</b>	<b>9,105</b>	<b>31,588</b>	<b>40,693</b>	<b>8,973</b>	<b>31,720</b>	



Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Undist. Expend. - Required Maint. for School Facilities</b>						
Cleaning, Repair and Maintenance Services	144,139	33,168	177,307	157,353	19,954	
General Supplies	4,000		4,000	4,000		
Other Objects	1,400	1,500	2,900	2,418	482	
<b>Undist. Expend. - Required Maint. for School Facilities</b>	149,539	34,668	184,207	163,771	20,436	
<b>Undist. Expend. - Custodial Services</b>						
Salaries	204,380	(18,258)	186,122	182,429	3,693	
Salaries of Non-Instructional Aides	22,569	(5,717)	16,852	16,852		
Cleaning, Repair and Maintenance Services	31,753	(7,854)	23,899	21,722	2,177	
Insurance	48,000	(2,822)	45,178	42,673	2,505	
General Supplies	18,145	5,456	23,601	23,601		
Energy (Natural Gas)	38,000	(5,550)	32,450	26,304	6,146	
Energy (Electricity)	47,000		47,000	44,506	2,494	
Other Objects	1,300	150	1,450	909	541	
Supplies and Materials		7,954	7,954	3,314	4,640	
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	411,147	(26,641)	384,506	362,310	22,196	
<b>Undistributed Expenditures-Care &amp; Upkeep of Grounds</b>						
Cleaning, Repair and Maintenance Services	16,500	16,000	32,500	32,492	8	
General Supplies	4,100	783	4,883	3,840	1,043	
Other Objects	200	200	200	166	34	
<b>Undistributed Expenditures-Care &amp; Upkeep of Grounds</b>	20,800	16,783	37,583	36,498	1,085	
<b>Undistributed Expenditures-Security</b>						
Salaries	23,277	3,065	26,342	26,342		
Cleaning, Repair and Maintenance Services	2,000		2,000		2,000	
General Supplies	2,470		2,470	1,270	1,200	
Other Objects	1,000		1,000		1,000	
<b>Undistributed Expenditures-Security</b>	28,747	3,065	31,812	27,612	4,200	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Undist. Expend. - Student Transportation Services</b>						
Salaries for Pupil Tran. (Between Home & School)-Reg.	4,717		4,717	4,716		1
Salaries for Pupil Tran. (Between Home & School)-Sp.Ed.	4,717		4,717	4,716		1
Contracted Services - Aid in Lieu of Payments	1,768	1,768	3,536	3,536		
Contract Services (Other than Home & School)-Vendors	14,400	(2,589)	11,811	11,423		388
Contract Services (Between Home & School)-Joint Agreements	2,236	(2,236)				
Contracted Services (Special Ed. Students)-Vendors	6,720	6,720	6,720	5,009		1,711
Contracted Services (Regular Ed. Students)-ESCs & CTSA's	147,478	(770)	146,708	146,708		
Contracted Services (Special Ed. Students)-ESCs & CTSA's	239,594	14,217	253,811	253,811		
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>414,910</b>	<b>17,110</b>	<b>432,020</b>	<b>429,919</b>		<b>2,101</b>
<b>Other Support Services</b>						
Tuition Reimbursement	2,000	(2,000)				
<b>Total Support Services-General Administration</b>	<b>2,000</b>	<b>(2,000)</b>				

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Operation and Maintenance of Plant Services-Employee Benefits</b>						
Social Security Contributions	34,000		34,000	34,000		
<b>Total Operation and Maintenance of Plant Services-Health Benefits</b>	34,000		34,000	34,000		
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	23,000	14,376	37,376	37,376		
Other Retirement Contributions-PERS	73,680	(750)	72,930	68,037	4,893	
Other Retirement Contributions-Regular	3,050	750	3,800	3,800		
Unemployment Compensation	5,000		5,000	5,000		
Health Benefits Undistributed	761,833	(54,900)	706,933	672,234	34,699	
Other Employee Benefits	1,400	40,000	41,400	5,288	36,112	
Tuition Reimbursement	16,000	2,000	18,000	12,241	5,759	
Workmen's Compensation	34,544	515	35,059	35,058	1	
Unused Sick Payment to Terminated/Retired Staff	7,100		7,100	5,600	1,500	
<b>TOTAL UNALLOCATED BENEFITS</b>	925,607	1,991	927,598	844,634	82,964	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				239,156	(239,156)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				205,950	(205,950)	
On-behalf TPAF NCGI Premium (non-budgeted)				8,642	(8,642)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				169,425	(169,425)	
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				623,173	(623,173)	
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	961,607	(9)	961,598	1,501,807	(540,209)	
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	5,036,595	3,897	5,040,492	5,334,857	(294,365)	
<b>TOTAL GENERAL CURRENT EXPENSE</b>	7,281,598	(12,274)	7,269,324	7,418,453	(149,129)	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>CAPITAL OUTLAY</b>						
<b>Equipment</b>						
Undistributed Expended-Instruction		1,202	1,202		1,202	
Operation and Maintenance of Plant Services		16,000	16,000	15,862	138	
Architect/Engineering Services		1,750	1,750	1,750		
<b>Total Equipment</b>		18,952	18,952	17,612	1,340	
<b>Facilities Acquisition and Construction Services</b>						
Construction Serv.	37,500	85	37,585	36,924	661	
Assessment for Debt Service on SDA	913		913	913		
<b>Total Facilities Acquisition and Construction Services</b>	38,413	85	38,498	37,837	661	
<b>TOTAL CAPITAL OUTLAY</b>	38,413	19,037	57,450	55,449	2,001	
<b>Summer Support Services-Instruction</b>						
Salaries of Teachers	6,977	(1,567)	5,410	5,010	400	
Other Salaries for Instruction	1,440	1,567	3,007	3,007		
<b>Total Summer School - Instruction</b>	8,417		8,417	8,017	400	
<b>Summer Support Services-Support Services</b>						
Salaries	12,149		12,149	11,192	957	
Purchased Professional and Technical Services	15,448		15,448	12,268	3,180	
<b>Total Summer Support Services</b>	27,597		27,597	23,460	4,137	
<b>TOTAL EXPENDITURES</b>	7,356,025	6,763	7,362,788	7,505,379	(142,591)	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(641,024)	(6,763)	(647,787)	(16,591)	631,196	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(641,024)	(6,763)	(647,787)	(16,591)	631,196	
<b>Fund Balance, July 1</b>	2,738,763		2,738,763	2,738,763		
<b>Fund Balance, June 30</b>	2,097,739	(6,763)	2,090,976	2,722,172	631,196	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2017						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 16-17	Variance Final to Actual	
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>						
Adjustment for Prior Year Encumbrances		(6,763)	(6,763)	(6,763)		
Increase in Maintenance Reserve						
Principal				2,686		2,686
Budgeted Withdrawal from Tuition Reserve	(73,000)		(73,000)	(73,000)		
Budgeted Withdrawal from Maintenance Reserve	(50,000)		(50,000)	(50,000)		
Budgeted Withdrawal from Capital Reserve	(37,500)		(37,500)	(37,500)		
Budgeted Fund Balances	(480,524)		(480,524)	147,986		628,510
	(641,024)	(6,763)	(647,787)	(16,591)		631,196
<b>Recapitulation:</b>						
<b>Restricted Fund Balance:</b>						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				511,184		
Reserved - Excess Surplus				481,760		
Maintenance Reserve				324,977		
Capital Reserve				580,047		
Emergency Reserve				250,000		
<b>Committed Fund Balance:</b>						
Tuition Adjustment				80,255		
<b>Assigned Fund Balance:</b>						
Year end Encumbrances				103,250		
Designated for Subsequent Year's Expenditures				74,868		
<b>Unassigned Fund Balance</b>				315,831		
Total				2,722,172		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(19,637)		
Fund Balance per Governmental Funds (GAAP)				2,702,535		

Spring Lake School District  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Year Ended June 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	151,420	(909)	150,511	150,511	
Federal Sources	137,759	(41,129)	96,630	96,630	
<b>Total Revenues</b>	<b>289,179</b>	<b>(42,038)</b>	<b>247,141</b>	<b>247,141</b>	
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	24,000	(12,211)	11,789	11,789	
Other Salaries					
Purchased Professional and Technical Services	154,201	(25,334)	128,867	128,867	
Other Purchased Services		30,558	30,558	30,558	
General Supplies		10	10	10	
Textbooks	21,673	(29)	21,644	21,644	
Other Objects					
<b>Total Instruction</b>	<b>199,874</b>	<b>(7,006)</b>	<b>192,868</b>	<b>192,868</b>	
<b>Support Services:</b>					
Other Salaries					
Purchased Professional - Educational Services	89,305	(36,532)	52,773	52,773	
Purchased Technical Services		1,500	1,500	1,500	
Tuition					
Travel					
Other Purchased Services					
Travel					
Supplies & Materials					
Other Objects					
<b>Total Support Services</b>	<b>89,305</b>	<b>(35,032)</b>	<b>54,273</b>	<b>54,273</b>	
<b>Facilities Acquisition and Const. Serv.:</b>					
Buildings					
Instructional Equipment					
<b>Total Facilities Acquisition and Const. Serv.</b>					
Total Expenditures	<b>289,179</b>	<b>(42,038)</b>	<b>247,141</b>	<b>247,141</b>	
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, 2017**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	7,488,788	247,141
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.			
		19,021	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).			
		(19,637)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.			
	[B-2]	7,488,172	247,141
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	7,505,379	247,141
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]	7,505,379	247,141

**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\**

	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.7578352400%	0.0081188110%	0.0090813088%
District's proportionate share of the net pension liability (asset)	\$ 2,244,491	\$ 1,822,510	\$ 1,700,269
District's covered payroll - PERS	\$ 510,700	\$ 535,612	\$ 519,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	439.49%	340.27%	327.46%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 67,325.00	\$ 69,800.00	\$ 74,865.00
Contributions in relation to the contractually required contribution	<u>\$ (67,325.00)</u>	<u>\$ (69,800.00)</u>	<u>\$ (74,865.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 510,700	\$ 535,612	\$ 519,224
Contributions as a percentage of covered payroll	13.18%	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\**

	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0252792630%	0.0215915829%	0.0206392045%
District's proportionate share of the net pension liability (asset)	\$ 19,866,278	\$ 13,646,802	\$ 11,737,963
District's covered payroll - TPAF	\$ 2,362,221	\$ 2,362,221	\$ 2,375,076
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	841.00%	577.71%	494.21%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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, 2017**

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 (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. 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 (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. 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, 2017

	Total Brought Forward (Ex. E-1a)	NCLB Title 1A	Improving Teachers Quality Title II Part A	Totals 2017
<b>REVENUES</b>				
State Sources	150,511			150,511
Federal Sources	83,331	11,799	1,500	96,630
<b>Total Revenues</b>	<b>233,842</b>	<b>11,799</b>	<b>1,500</b>	<b>247,141</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers		11,789		11,789
Other Salaries				
Purchased Professional and Technical Services	128,867			128,867
Other Purchased Services (400-500 series)	30,558			30,558
General Supplies		10		10
Textbooks	21,644			21,644
Other Objects				
<b>Total Instruction</b>	<b>181,069</b>	<b>11,799</b>		<b>192,868</b>
<b>Support Services:</b>				
Other Salaries				
Purchased Professional & Technical Services				
Purchased Professional - Educational Services	52,773			52,773
Purchased Technical Services			1,500	1,500
Tuition				
Travel				
Other Purchased Services (400-500 series)				
Supplies & Materials				
Other Objects				
<b>Total Support Services</b>	<b>52,773</b>	<b>-</b>	<b>1,500</b>	<b>54,273</b>
<b>Facilities Acquisition and Const. Serv.:</b>				
Instructional Equipment				
<b>Total Facilities Acquisition and Const. Serv.</b>				
<b>Total Expenditures</b>	<b>233,842</b>	<b>11,799</b>	<b>1,500</b>	<b>247,141</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>				

Spring Lake School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Basic	Nonpublic Textbook Aid	Nonpublic Technology Aid	Nonpublic Nursing Aid	Total Carried Forward
<b>REVENUES</b>						
State Sources	86,150		21,644	9,743	32,974	150,511
Federal Sources		83,331				83,331
<b>Total Revenues</b>	<b>86,150</b>	<b>83,331</b>	<b>21,644</b>	<b>9,743</b>	<b>32,974</b>	<b>233,842</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Other Salaries						
Purchased Professional and Technical Services						
Other Purchased Services (400-500 series)	86,150			9,743	32,974	128,867
General Supplies		30,558				30,558
Textbooks			21,644			21,644
Other Objects						
<b>Total instruction</b>	<b>86,150</b>	<b>30,558</b>	<b>21,644</b>	<b>9,743</b>	<b>32,974</b>	<b>181,069</b>
<b>Support services:</b>						
Purchased Professional & Technical Services						
Purchased Professional - Educational Services		52,773				52,773
Purchased Technical Services						
Tuition						
Travel						
Other Purchased Services (400-500 series)						
Supplies & Materials						
Other Objects						
<b>Total support services</b>		<b>52,773</b>				<b>52,773</b>
<b>Facilities acquisition and const. serv.:</b>						
Instructional Equipment						
<b>Total facilities acquisition and const. serv.</b>						
<b>Total Expenditures</b>	<b>86,150</b>	<b>83,331</b>	<b>21,644</b>	<b>9,743</b>	<b>32,974</b>	<b>233,842</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>						



Spring Lake School District  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2017

	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	
<b>REVENUES</b>							
State Sources	30,457	7,942	15,119	15,119	9,719	18,833	4,080
Federal Sources							
<b>Total Revenues</b>	<b>30,457</b>	<b>7,942</b>	<b>15,119</b>	<b>15,119</b>	<b>9,719</b>	<b>18,833</b>	<b>4,080</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Purchased Professional - Educational Services							
Purchased Professional and Technical Services	30,457	7,942	15,119	15,119	9,719	18,833	4,080
Other Purchased Services (400-500 series)							
General Supplies							
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>30,457</b>	<b>7,942</b>	<b>15,119</b>	<b>15,119</b>	<b>9,719</b>	<b>18,833</b>	<b>4,080</b>
<b>Support Services:</b>							
Purchased Professional & Technical Services							
Purchased Professional - Educational Services							
Purchased Technical Services							
Tuition							
Travel							
Other Purchased Services (400-500 series)							
Supplies & Materials							
Other Objects							
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition and Const. Serv.:</b>							
Instructional Equipment							
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>30,457</b>	<b>7,942</b>	<b>15,119</b>	<b>15,119</b>	<b>9,719</b>	<b>18,833</b>	<b>4,080</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**PROPRIETARY FUNDS**

**Spring Lake School District  
Combining Statement of Net Position  
Enterprise Funds  
June 30, 2017**

	<b>Food Service Program</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	1,325	1,325
Total Current Assets	1,325	1,325
Noncurrent Assets:		
Capital Assets:		
Equipment	9,912	9,912
Less Accumulated Depreciation	(8,618)	(8,618)
Total Capital Assets (Net of Accumulated Depreciation)	1,294	1,294
Total Assets	2,619	2,619
<b>LIABILITIES</b>		
Current Liabilities:		
Account Payable	107	
Total Current Liabilities	107	
<b>NET POSITION</b>		
Invested in Capital Assets Net of Related Debt	1,294	1,294
Unrestricted	1,218	1,218
Total Net Position	2,512	2,512

**Spring Lake School District**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<u>Food Service Program</u>	<u>Totals</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-reimbursable Programs	2,908	2,908
Total Operating Revenues	<u>2,908</u>	<u>2,908</u>
 Operating Expenses:		
Cost of Sales	2,160	2,160
Depreciation Expense	373	373
Total Operating Expenses	<u>2,533</u>	<u>2,533</u>
Operating Income (Loss)	375	375
 Transfers In (Out)		-
Change in Net Position	<u>375</u>	<u>375</u>
 Total Net Position—Beginning	<u>2,137</u>	<u>2,137</u>
Total Net Position—Ending	<u><u>2,512</u></u>	<u><u>2,512</u></u>

**Spring Lake School District  
Combining Statement of Cash Flows  
Enterprise Funds  
For the Year Ended June 30, 2017**

	<b>Food Service Program</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	2,908	2,908
Payments to Vendors	(2,053)	(2,053)
Net Cash Provided by (Used for) Operating Activities	855	855
 Net Increase (Decrease) in Cash and Cash Equivalents	 855	 855
Balances—Beginning of Year	470	470
Balances—End of Year	1,325	1,325
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	375	375
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	373	373
Increase in Accounts Payable	107	107
Total Adjustments	480	480
Net Cash Provided by (Used for) Operating Activities	855	855

**FIDUCIARY FUND**

**Spring Lake School District  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017**

	<b>Fiduciary Funds</b>		
	<b>Unemployment Compensation Trust Fund</b>	<b>Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 45,515	\$ 532	\$ 27,703
Due from Payroll Agency			
Total assets	45,515	532	27,703
 <b>LIABILITIES</b>			
Payable to student groups			18,014
Payroll deductions and withholdings			9,689
Total liabilities	-	-	27,703
 <b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	\$ 45,515		
Reserved for Scholarships		\$ 532	

**Spring Lake School District**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2017**

	<b>Unemployment Compensation Trust Fund</b>	<b>Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 1,731	
District Contribution		
Total Contributions	<u>1,731</u>	<u>-</u>
Investment earnings:		
Interest		
Net investment earnings	<u>81</u>	<u>2</u>
Total additions	<u>1,812</u>	<u>2</u>
<b>DEDUCTIONS</b>		
Quarterly contribution reports	362	
Scholarships awarded		100
Total deductions	<u>362</u>	<u>100</u>
Change in net assets	1,450	(98)
Net position - beginning of the year	<u>44,065</u>	<u>630</u>
Net position - end of the year	<u>\$ 45,515</u>	<u>\$ 532</u>



**Spring Lake School District  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
<b>ELEMENTARY SCHOOLS:</b>					
General	1,101	245	677		669
Student Council	1,232	1,682	1,888		1,026
Yearbook	1,951	2,845	1,850		2,946
8th Grade	11,178	53,702	53,903		10,977
Reading Fund	3				3
Tree Fund	40				40
Loaner Books	326				326
Agriculture Fund	53				53
Special Olympics	76				76
Art Fund	746	2,105	1,587		1,264
Library		145	145		-
Zans Garden	232		56		176
Recycle	103		50		53
Natl Jr Honor Society	233	1,154	1,245		142
Science Boards		291	238		53
Band/Chorus	180		50		130
Autism	2	50			52
Bowling	20	1,104	1,096		28
	<u>17,476</u>	<u>63,323</u>	<u>62,785</u>	<u>-</u>	<u>18,014</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	-	2,003,100	2,003,100	-
Payroll Deductions and Withholdings	650	1,532,724	1,523,685	9,689
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>650</u>	<u>3,535,824</u>	<u>3,526,785</u>	<u>9,689</u>

**LONG-TERM DEBT**

**Spring Lake School District  
General Long Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2017**

ISSUE	Date of Issue	Amount of Issue	Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
School District Refunding Bonds	3/15/2000	\$ 1,625,000	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%				
						635,000		165,000	470,000
						635,000		165,000	470,000

**Spring Lake School District  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	131,083		131,083	131,083	-
Miscellaneous					-
State Sources:					
Debt Service Aid Type II	58,386		58,386	58,386	-
Total - State Sources	58,386	-	58,386	58,386	-
<b>Total Revenues</b>	<b>189,469</b>	<b>-</b>	<b>189,469</b>	<b>189,469</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	24,475		24,475	24,475	-
Redemption of Principal	165,000		165,000	165,000	-
Total Regular Debt Service	189,475	-	189,475	189,475	-
<b>Total expenditures</b>	<b>189,475</b>	<b>-</b>	<b>189,475</b>	<b>189,475</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6)	-	(6)	(6)	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(6)	-	(6)	(6)	-
Fund Balance, July 1	6		6	6	-
Fund Balance, June 30	-	-	-	-	-
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
Budgeted Fund Balance					

**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
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#### **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**

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#### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
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- J-16 Full-time Equivalent District Employees by Function/Program
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- 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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> 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.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> 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.	<b>J-16 to J-20</b>
<b>Sources:</b> 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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	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	1,974,096
Restricted	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	2,147,968
Unrestricted	188,025	444,423	226,266	59,438	76,835	86,569	713,715	(1,377,073)	(1,450,043)	(1,318,971)
<b>Total Governmental Activities Net Assets</b>	<b>4,390,228</b>	<b>4,220,465</b>	<b>4,371,825</b>	<b>4,490,410</b>	<b>4,604,093</b>	<b>4,721,790</b>	<b>4,546,586</b>	<b>2,834,380</b>	<b>2,882,891</b>	<b>2,803,093</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	2,143	1,307	471	2,575	3,236	4,230	2,403	2,041	1,668	1,294
Unrestricted	1,517	2,327	2,795	2,575	3,236	4,230	2,403	1,116	469	1,218
<b>Total Business-type Activities Net Assets</b>	<b>3,660</b>	<b>3,634</b>	<b>3,266</b>	<b>2,575</b>	<b>3,236</b>	<b>4,230</b>	<b>2,403</b>	<b>3,157</b>	<b>2,137</b>	<b>2,512</b>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	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	1,975,390
Restricted	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	2,147,968
Unrestricted	189,542	446,750	229,061	62,013	80,071	90,799	716,118	(1,375,957)	(1,449,574)	(1,317,753)
<b>Total District Net Assets</b>	<b>4,393,888</b>	<b>4,224,099</b>	<b>4,375,091</b>	<b>4,492,985</b>	<b>4,607,329</b>	<b>4,726,020</b>	<b>4,548,989</b>	<b>2,837,537</b>	<b>2,885,028</b>	<b>2,805,605</b>

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	1,850,184	1,891,301	1,987,368	1,922,931	2,216,761	2,119,383	1,693,205	1,668,325	1,720,469	1,732,162
Special Education	220,144	315,921	366,556	360,436	327,798	397,754	569,875	570,168	517,204	455,714
Other Instruction	44,025	50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802
Support Services:										
Tuition	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	1,535,683
Student & Instruction Related Services	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	947,424
School Administrative Services	99,326	106,884	109,809	114,091	75,959	76,368	86,258	77,832	75,401	78,666
General Administrative Services	156,740	165,172	161,833	144,245	275,002	197,461	156,136	153,494	167,754	151,317
Central Services & Admin. Info. Technology	145,228	152,915	159,432	158,033	161,623	165,753	153,619	147,657	138,969	154,123
Plant Operations and Maintenance	660,207	1,511,369	784,065	582,670	625,744	667,272	514,555	605,381	493,465	590,191
Pupil Transportation	303,745	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919
Summer Support Services					440,230	607,334	1,292,314	1,915,052	2,171,428	31,477
Unallocated Benefits	556,279	332,113	349,515	370,105	440,230	607,334	1,292,314	1,915,052	2,171,428	2,882,869
Capital outlay-undepreciable			5,279	3,818		592	1,285	3,953		913
Capital Leases	101,451	70,457	58,566	54,513	48,657	43,963	38,330	33,843	34,882	
Interest on Long-term Debt	120,882	147,929	166,379	169,614	170,762	166,329	150,724	154,355	170,153	22,791
Unallocated Depreciation										166,536
Total Governmental Activities Expenses	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	9,251,587
Business-type Activities:										
Food Service	6,622	5,411	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533
Total Business-type Activities Expenses	6,622	5,411	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533
Total District Expenses	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	9,254,120
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	318,133	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141
Total Governmental Activities Program Revenues	318,133	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141
Business-type Activities:										
Charges for Services:										
Food Service	2,370	5,385	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908
Operating Grants and Contributions	3,013									
Total Business-type Activities Program Revenues	5,383	5,385	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908
Total District Program Revenues	323,516	367,605	365,441	270,639	424,595	334,196	316,048	305,643	310,582	250,049
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(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)	(9,004,446)
Business-type Activities	(1,239)	(26)	(368)	(691)	661	994	(1,827)	754	(1,019)	375
Total District-wide Net Expense	(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)	(9,004,071)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	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	6,378,991
Taxes Levied for Debt Service	134,699	128,224	133,279	128,470	141,754	142,009	127,242	138,636	134,943	131,083
Unrestricted/Restricted Federal and State Aid	1,014,056	877,470	696,764	564,555	557,971	826,949	753,768	1,363,533	1,702,520	2,191,091
Tuition	96,240		9,784	6,304	9,860	3,240	2,411		99,289	123,525
Miscellaneous Income	19,325	81,492	94,521	78,624	65,504	36,257	130,963	126,986	26,085	99,958
Cancellation of accounts receivable		(426)								
Loss on refunding of long-term debt		(110,000)								
Transfers										
<b>Total Governmental Activities</b>	<b>7,604,631</b>	<b>7,317,071</b>	<b>6,757,894</b>	<b>6,747,088</b>	<b>6,669,542</b>	<b>6,902,908</b>	<b>6,967,781</b>	<b>7,701,619</b>	<b>8,216,750</b>	<b>8,924,648</b>
Business-type Activities:										
Miscellaneous Income										
Transfers										
<b>Total Business-type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-wide</b>	<b>7,604,631</b>	<b>7,317,071</b>	<b>6,757,894</b>	<b>6,747,088</b>	<b>6,669,542</b>	<b>6,902,908</b>	<b>6,967,781</b>	<b>7,701,619</b>	<b>8,216,750</b>	<b>8,924,648</b>
<b>Change in Net Position</b>										
Governmental Activities	1,117,600	(169,763)	151,360	118,585	113,683	117,697	(175,204)	(239,440)	48,511	(79,798)
Business-type Activities	(1,239)	(26)	(368)	(691)	661	994	(1,827)	754	(1,019)	375
<b>Total District</b>	<b>1,116,361</b>	<b>(169,789)</b>	<b>150,992</b>	<b>117,894</b>	<b>114,344</b>	<b>118,691</b>	<b>(177,031)</b>	<b>(238,686)</b>	<b>47,492</b>	<b>(79,423)</b>

Source: CAFR A-2

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	3,153,817	2,839,879	2,850,716							
Unreserved	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	2,147,968
Committed				111,125	110,433					
Assigned				5,284	43,138	321,315	618,760	264,451	103,019	258,373
Unassigned				293,138	183,995	312,847	306,160	349,697	305,847	296,194
<b>Total General fund</b>	<b>3,546,313</b>	<b>3,372,775</b>	<b>3,304,165</b>	<b>3,457,451</b>	<b>3,434,858</b>	<b>3,576,046</b>	<b>3,277,717</b>	<b>2,675,600</b>	<b>2,719,742</b>	<b>2,702,535</b>
<b>All Other Governmental Funds</b>										
Restricted, Reported in:										
Capital Projects Fund				14,966	14,966					
Debt Service Fund				159	86	14,997	24	6	6	6
Unreserved, Reported in:										
Capital Projects Fund	15,392	14,966	14,966							
Debt Service	8,182	14,129	13,110							
<b>Total Other Governmental Funds</b>	<b>23,574</b>	<b>29,095</b>	<b>28,076</b>	<b>15,125</b>	<b>15,052</b>	<b>14,997</b>	<b>24</b>	<b>6</b>	<b>6</b>	<b>6</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	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	6,510,074
Other Local Revenue	128,167	139,191	105,208	124,063	107,558	77,881	133,374	126,986	125,374	223,483
State Sources	1,176,737	1,052,731	848,247	665,966	680,764	980,410	920,963	1,017,438	1,222,531	1,094,595
Federal Sources	142,850	129,260	207,798	124,062	262,308	136,566	143,906	133,059	146,058	96,630
Total Revenues	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	7,924,782
<b>Expenditures</b>										
Instruction:										
Regular	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	1,748,948
Special	201,838	232,226	273,298	276,146	251,379	308,207	569,875	570,168	517,204	455,714
Other Special Instruction	44,025									
Other Instruction		50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802
Support Services:										
Instruction - Tuition	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	1,535,683
Student Related Services	816,581	955,299	1,023,734	983,496	1,084,730	1,040,772	1,132,302	1,090,409	911,439	947,424
General Administration	156,740	165,172	161,833	144,245	275,002	182,773	156,136	153,494	167,754	151,317
School Administration	74,311	80,838	83,318	87,426	69,772	76,368	86,258	77,832	75,401	78,666
Central Services & Admin. Info. Technology	129,506	134,393	140,682	146,940	144,141	152,006	153,619	147,657	138,969	154,123
Operations and Maintenance	571,565	1,392,741	660,148	431,593	464,530	531,874	514,555	605,381	493,465	590,191
Student Transportation	303,745	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919
Cancellation of Prior Year Receivables		426								
Employee Benefits	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	1,501,807
Capital Outlay	62,715	115,185		8,199	25,571	102,603	110,034	398,802	39,470	55,449
Summer Support Services			286,357						28,818	31,477
Debt Service:										
Principal	110,000	125,000	145,000	150,000	155,000	160,000	165,000	165,000	165,000	165,000
Interest and Other Charges	103,185	80,711	62,088	54,513	50,013	45,363	40,563	35,407	30,044	24,475
Total Governmental Fund Expenditures	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	7,941,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,086,317	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In	5,481					14,966				
Operating Transfers Out	(5,481)					(14,966)				
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	1,086,317	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)
Debt Service as a percentage of noncapital expenditures	3.15%	2.62%	2.88%	2.98%	2.94%	2.90%	2.75%	2.61%	2.50%	2.40%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.  
(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>
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
2017	123,525	8,532	91,426	223,483

**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	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	62,810,300	3,116,649,200	150,525,200	599,100	2,509,600	3,333,093,400	3,898,189	3,336,991,589	3,307,276,592	0.191
2009	68,458,600	3,135,610,200	149,299,200	599,100	2,509,600	3,356,476,700	4,367,261	3,360,843,961	3,525,966,720	0.193
2010	90,443,000	3,120,915,900	146,210,600	599,100	2,509,600	3,360,678,200	4,932,510	3,365,610,710	3,583,221,548	0.185
2011	83,692,700	3,150,077,100	144,670,800	599,100	2,509,600	3,381,549,300	4,225,968	3,385,775,268	3,536,863,169	0.178
2012	88,366,100	3,156,092,400	144,758,100	599,100	2,509,600	3,392,325,300	4,197,740	3,396,523,040	3,358,513,626	0.179
2013	97,278,400	3,147,986,400	144,809,200	599,100	2,509,600	3,393,182,700	4,065,470	3,397,248,170	3,412,472,147	0.178
2014	85,233,500	3,167,943,900	143,603,400	599,100	2,509,600	3,399,889,500	0	3,399,889,500	3,374,210,701	0.178
2015	59,070,300	3,201,315,000	143,588,100	599,100	2,509,600	3,407,082,100	0	3,407,082,100	3,356,628,469	0.181
2016	72,274,400	3,241,938,600	144,285,000	599,100	0	3,459,097,100	0	3,459,097,100	3,544,640,966	0.182
2017	99,535,200	3,285,025,400	142,975,600	599,100	0	3,528,135,300	0	3,528,135,300	3,617,244,867	0.183

**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 <sup>a</sup>	General Obligation		Local School District	Overlapping Rates		Total Direct and overlapping Tax Rate
		Debt Service <sup>b</sup>			Municipality	County	
2007	0.187	0.004		0.191	0.200	0.253	0.644
2008	0.189	0.004		0.193	0.200	0.253	0.646
2009	0.181	0.004		0.185	0.200	0.260	0.645
2010	0.174	0.004		0.178	0.203	0.268	0.649
2011	0.174	0.005		0.179	0.205	0.263	0.647
2012	0.174	0.004		0.178	0.204	0.276	0.658
2013	0.174	0.004		0.178	0.208	0.284	0.670
2014	0.177	0.004		0.181	0.218	0.287	0.686
2015	0.178	0.004		0.182	0.220	0.296	0.698
2016	0.179	0.004		0.183	0.217	0.283	0.683

**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			2007		
	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	0.54%	18,957,100	1	0.57%
Scardino T/A Breakers Hotel	17,428,500	2	0.49%	16,607,400	2	0.50%
Taxpayer #1	11,053,000	3	0.32%			
Bluth Real Estate	9,114,500	4	0.26%			
Marisa & Ale Corp	8,204,200	5	0.23%	7,772,100	6	0.23%
Taxpayer #2	7,633,600	6	0.22%			
Taxpayer #3	7,283,600	7	0.21%			
Taxpayer #4	6,773,700	8	0.19%			
Chinery, Tracy Qual Pers Res Trust	6,695,700	9	0.19%			
Taxpayer #6	6,695,200	10	0.19%			
Green Gables Trust				10,946,300	3	0.33%
Taxpayer #1				10,540,200	4	0.32%
Taxpayer #2				9,324,600	5	0.28%
Taxpayer #4				7,748,200	7	0.23%
Taxpayer #5				7,048,400	8	0.21%
Taxpayer #6				6,913,900	9	0.21%
Taxpayer #7				6,846,300	10	0.21%
	<u>99,839,100</u>		<u>2.84%</u>	<u>102,704,500</u>		<u>3.09%</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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2017	6,510,074	5,967,566	91.67%	542,508

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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
2008	1,755,000						1,755,000	0.84%	501	
2009	1,740,000						1,740,000	0.81%	495	
2010	1,595,000						1,595,000	0.78%	450	
2011	1,445,000						1,445,000	0.84%	483	
2012	1,290,000						1,290,000	0.71%	432	
2013	1,130,000						1,130,000	0.60%	379	
2014	965,000						965,000	0.51%	323	
2015	800,000						800,000	0.40%	268	
2016	635,000		34,822				669,822	0.33%	227	
2017	470,000		26,929				496,929	Not Available	168	

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

(a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population from the prior calendar year.

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

**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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	1,755,000		1,755,000	0.05%	501
2009	1,740,000		1,740,000	0.05%	495
2010	1,595,000		1,595,000	0.05%	450
2011	1,445,000		1,445,000	0.04%	483
2012	1,290,000		1,290,000	0.04%	432
2013	1,130,000		1,130,000	0.03%	379
2014	965,000		965,000	0.03%	323
2015	800,000		800,000	0.02%	268
2016	635,000		635,000	0.02%	215
2017	470,000		470,000	0.01%	159

**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.

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, 2017  
Unaudited**

<u>Borough of Spring Lake</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Borough of Spring Lake 12/31/2016	\$ 4,962,257	100.000%	\$ 4,962,257
Monmouth County General Obligation Net Debt 12/31/2016	456,319,190	3.122%	14,248,460
Subtotal, overlapping debt			<u>19,210,717</u>
<b>Spring Lake School District Direct Debt</b>			<u>470,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 19,680,717</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 2017

Equalized valuation basis	
2016	\$ 3,871,548,762
2015	\$ 3,545,799,775
2014	\$ 3,487,646,740
[A]	<u>\$10,904,995,277</u>
Average equalized valuation of taxable property	[A/3] \$ 3,634,998,426
Debt limit (3 % of average equalization value)	[B] 109,049,953 <sup>a</sup>
Total Net Debt Applicable to Limit	[C] 470,000
Legal debt margin	<u>[B-C]</u> <u>\$ 108,579,953</u>

Borough of Spring Lake:

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 109,049,953
Total net debt applicable to limit	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	470,000
Legal debt margin	<u>\$ 117,644,557</u>	<u>\$ 130,127,232</u>	<u>\$ 135,587,561</u>	<u>\$ 139,327,769</u>	<u>\$ 137,429,711</u>	<u>\$ 135,371,063</u>	<u>\$ 132,494,829</u>	<u>\$ 132,907,727</u>	<u>\$ 135,323,923</u>	<u>\$ 108,579,953</u>
Total net debt applicable to the limit as a percentage of debt limit	1.56%	1.33%	1.27%	1.13%	1.04%	0.94%	0.85%	0.72%	0.47%	0.43%

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

(a) Limit set by NJSA 18A:24-19 for a K through 8 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**

<b>Fiscal Year Ended June 30,</b>	<b>Population (a)</b>	<b>Personal Income (b)</b>	<b>Per Capita Income (c)</b>	<b>Unemployment Rate (d)</b>
2008	3,504	208,158,624	59,406	5.60
2009	3,517	213,594,444	60,732	9.10
2010	3,542	204,252,972	57,666	9.20
2011	2,994	172,903,500	57,750	9.70
2012	2,986	181,515,954	60,789	9.30
2013	2,982	187,854,072	62,996	8.60
2014	2,985	189,920,625	63,625	4.70
2015	2,984	199,179,016	66,749	4.70
2016	2,956	205,175,960	69,410	4.30
2017	2,963	Not Available	Not Available	3.50

**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 Income provided by the 'U.S. Department of Commerce, County Information 2006-2015.
  - (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*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	21.00	21.00	20.00	20.00	23.00	23.00	22.00	22.60	22.60	27.00
Special Education	3.00	3.00	3.00	3.00	3.00	5.00	5.00	4.00	4.00	4.00
Other Special Instruction	4.00	3.40	4.50	4.50	5.00	2.00	4.00	3.20	3.20	3.20
Other Instruction						2.00	2.00	1.00	1.00	1.00
Support Services:										
Student & Instruction Related Services	6.00	6.00	6.00	7.00	7.00	7.00	7.00	8.80	8.88	6.00
Other Support Services								1.50	4.50	4.00
School Administrative Services	0.80	0.80	0.70	0.70	0.70	0.70	0.70	2.00	0.77	0.77
General Administrative Services	0.80	0.80	0.70	0.70	0.70	0.70	0.70	3.50	0.73	0.73
Central Services & Admin. Info. Technology	1.50	1.50	1.60	1.60	1.60	1.60	1.60	1.25	1.55	2.60
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	5.73	4.00
Pupil Transportation	0.40	0.40	0.20	0.20	0.20	0.20	0.20	0.25	0.20	0.20
Total	41.50	40.90	40.70	41.70	45.20	46.20	47.20	51.60	53.16	53.50

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
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	279.3	7,928,245	28,391	16.31%	30.8	01:06.9	212	203.5	-11.56%	95.87%
2016	207.0	275.3	7,514,025	27,279	-3.92%	30.8	01:06.7	213	201.7	0.35%	94.69%
2017	196.0	N/A	N/A	N/A	N/A	N/A	N/A	197.7	189.4	-7.20%	95.83%

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**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	254	264	267	274	269	269	244	213	207	196
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, 2017  
Elementary 1

Source: District Records, SRS, 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**

<b>School Facilities</b>	<b>Project #'s</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
H W Mountz School	N/A	163,771	100,635	192,608	137,843	137,909	98,616	107,335	294,419	1,016,695	169,254
<b>Total School Facilities</b>		<u>163,771</u>	<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>1,016,695</u>	<u>169,254</u>

## BOROUGH OF SPRING LAKE SCHOOL DISTRICT

**Insurance Schedule**  
**June 30, 2017**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Article I - Property		
Real and Personal Property	450,000,000	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	2,921,984	N/A
Covered Payrolls - Non-Professional	194,486	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, Wielkotz, 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, 2017, 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 4, 2017.

***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.

We noted certain matters that were required to be reported to the Board of Education of the Spring Lake Borough School District in the separate Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance dated October 4, 2017.

### ***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, Wielkotz, Cerullo & Cuva, P.A.*

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

October 4, 2017





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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE  
AND N.J. OMB CIRCULAR 15-08**

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

## **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Borough of Spring Lake School District in the County of Monmouth, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Spring Lake Board of Education's major federal and state programs for the year ended June 30, 2017. The Borough of Spring Lake Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

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

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Spring Lake Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost*



*Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Spring Lake Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Spring Lake Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Spring Lake Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Borough of Spring Lake Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Spring Lake Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Spring Lake Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report 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 4, 2017

Borough of Spring Lakes School District  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2017

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, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017	
												Accounts Receivable	Deferred Revenue
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
	84-027	H027A150100	F7498017	119,470	7/1/2016	6/30/2017		41,743	(83,331)			(41,588)	
	84-027	H027A150100	F7498016	124,685	7/1/2015	6/30/2016	(13,151)	13,151					
	84-173	H173A150114	PS498016	3,223	7/1/2015	6/30/2016	(1,611)	1,611					
	84-173	H173A150114	PS498010	4,135	9/1/2009	8/31/2010	432					432	
Total						(14,330)		56,505	(83,331)			(41,588)	432
Title I, Part A	84-010A	S010A150030	NCLB498016	12,331	7/1/2015	6/30/2016	(8,603)	8,603					
Title I, Part A	84-010A	S010A150030	NCLB498017	34,322	7/1/2016	6/30/2017		2,957	(11,799)			(8,842)	
Title II, Part A Improving Teacher Quality	84-567A	S567A150029	NCLB498017	9,437	7/1/2016	6/30/2017		1,500	(1,500)				
Title II, Part A Improving Teacher Quality	84-567A	S567A150029	NCLB498016	5,819	7/1/2015	6/30/2016	(200)	200					750
Title V	84-298A	n/a	NCLB498009		9/1/2008	8/31/2009	750						
Total Special Revenue Fund						(22,383)		69,765	(96,630)			(50,430)	1,182
Total Federal Financial Awards						(22,383)		69,765	(96,630)			(50,430)	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.



**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 \$(616) 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		\$885,698	\$885,698
Special Revenue Fund	96,630	150,511	247,141
Debt Service Fund		<u>58,386</u>	<u>58,386</u>
Total Financial Awards	<u>\$96,630</u>	<u>\$1,094,595</u>	<u>\$1,191,225</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, 2017. 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, 2017.

**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, 2017**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?                                       yes                          X       no

2. Significant deficiencies identified that are  
not considered to be material weaknesses?                                       yes                          X       none reported

Noncompliance material to basic financial  
statements noted?                                       yes                          X       no

**Federal Awards**

Not Applicable



**BOROUGH OF SPRING LAKE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(continued)**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:     \$ 750,000.00

Auditee qualified as low-risk auditee?                               X   yes                            no

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

Internal Control over major programs:

1. Material weakness(es) identified?                                    yes                       X   no

2. Significant deficiencies identified that are not considered to be material weaknesses?                            yes                       X   none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08, as applicable?                            yes                       X   no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-089	State Aid Public Cluster: Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-101	Professional Learning Community Aid

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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, 2017**

**Status of Prior Year Findings**

There were no prior year audit findings.