

**SCHOOL DISTRICT OF THE
BOROUGH OF SPRING LAKE
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9
Required Supplementary Information - Part I Management's Discussion and Analysis	13

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position	22
A-2 Statement of Activities	23

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26

Proprietary Funds:

B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Combining Statement of Cash Flows	29

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31

Notes to the Financial Statements	32
---	----

OUTLINE OF CAFR

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	70
C-1a	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	81

Notes to the Required Supplementary Information - Part III

C-3	Budgetary Comparison Schedule	82
-----	-------------------------------------	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	83
L-2	Schedule of District Contributions – PERS	84
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	85
L-4	Notes to Required Schedules of Supplementary Information - Part III.	86

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	87
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	88
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	89
E-1c	Not Applicable	
E-2	Not Applicable	
E-3	Not Applicable	
E-4	Not Applicable	

F. Capital Projects Fund:

Not Applicable

OUTLINE OF CAFR

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position	90
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	91
G-3	Combining Statement of Cash Flows	92

Internal Service Fund:

Not Applicable

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position	93
H-2	Combining Statement of Changes in Fiduciary Net Position	94
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	95
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	96

I. Long-Term Debt:

I-1	Statement of Serial Bonds	97
I-2	Budgetary Comparison Schedule - Debt Service Fund	98
I-3	Not Applicable	

J. Statistical Section (Unaudited)

Financial Trends

Introduction to the Statistical Section

J-1	Net Position by Component	99
J-2	Changes in Net Position	100
J-3	Fund Balances - Governmental Funds	102
J-4	Governmental Fund Expenditures by Function	103
J-5	General Fund Other Local Revenue by Source	104

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property (Revised July 2010)	105
J-7	Direct and Overlapping Property Tax Rates	106
J-8	Principal Property Taxpayers	107
J-9	School Tax Levies and Collections	108

OUTLINE OF CAFR

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	109
J-11	Ratios of General Bonded Debt Outstanding	110
J-12	Direct and Overlapping Governmental Activities Debt	111
J-13	Legal Debt Margin Information	112

Demographic and Economic Information

J-14	Demographic and Economic Statistics	113
J-15	Principal Employers	114

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	115
J-17	Operating Statistics	116
J-18	School Building Information	117
J-19	Schedule of Required Maintenance for School Facilities	118
J-20	Insurance Schedule	119

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	120
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular Letter 15-08 ..	122
K-3	Schedule of Expenditures of Federal Awards - Schedule A	125
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	126
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	127
K-6	Schedule of Findings and Questioned Costs	130
K-7	Schedule of Financial, Federal and State Findings	132
K-8	Summary Schedule of Prior Audit Findings	133

INTRODUCTORY SECTION



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

Dr. Raymond J. Boccuti
Superintendent, Principal,
Chief School Administrator
732-449-6380
Fax 732-449-3178

Denise McCarthy, CPA, PSA, SFO
School Business Administrator/Board Secretary
732-449-2056
Fax 732-449-4171

January 22, 2019

Honorable President and
Members of the Board of Education
Spring Lake Borough School District
Monmouth County, NJ 07762

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Spring Lake School District (District) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the Presentation, including all disclosures, rest 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 the 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, 2017 (2018-2019 Aid) as reported in the Annual Application for State School Aid (ASSA) was 230, which is a decrease of 6 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		
Oct. 15 Year	Student Enrollment	Percent Change
2017	230	(3.0)%
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%

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 2017-2018 Budget contained funding for increased special education services, increased professional development, curriculum development, materials, and resources for instructional improvements and capital improvements.

Students continue to score well above the national average on standardized ability tests and the District is a 2017 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 items basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEMS 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, 2018, the District had \$310,000 of outstanding school bonds.

8. CASH MANAGEMENT:

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

9. RISK MANAGEMENT:

The Board carries various forms of insurance, included but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

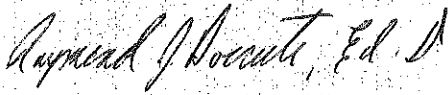
10. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, P.A., was selected by the Spring Lake Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the 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") and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the general-purpose financial statements and combining the 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 the efficient and dedicated services of our Central office staff.

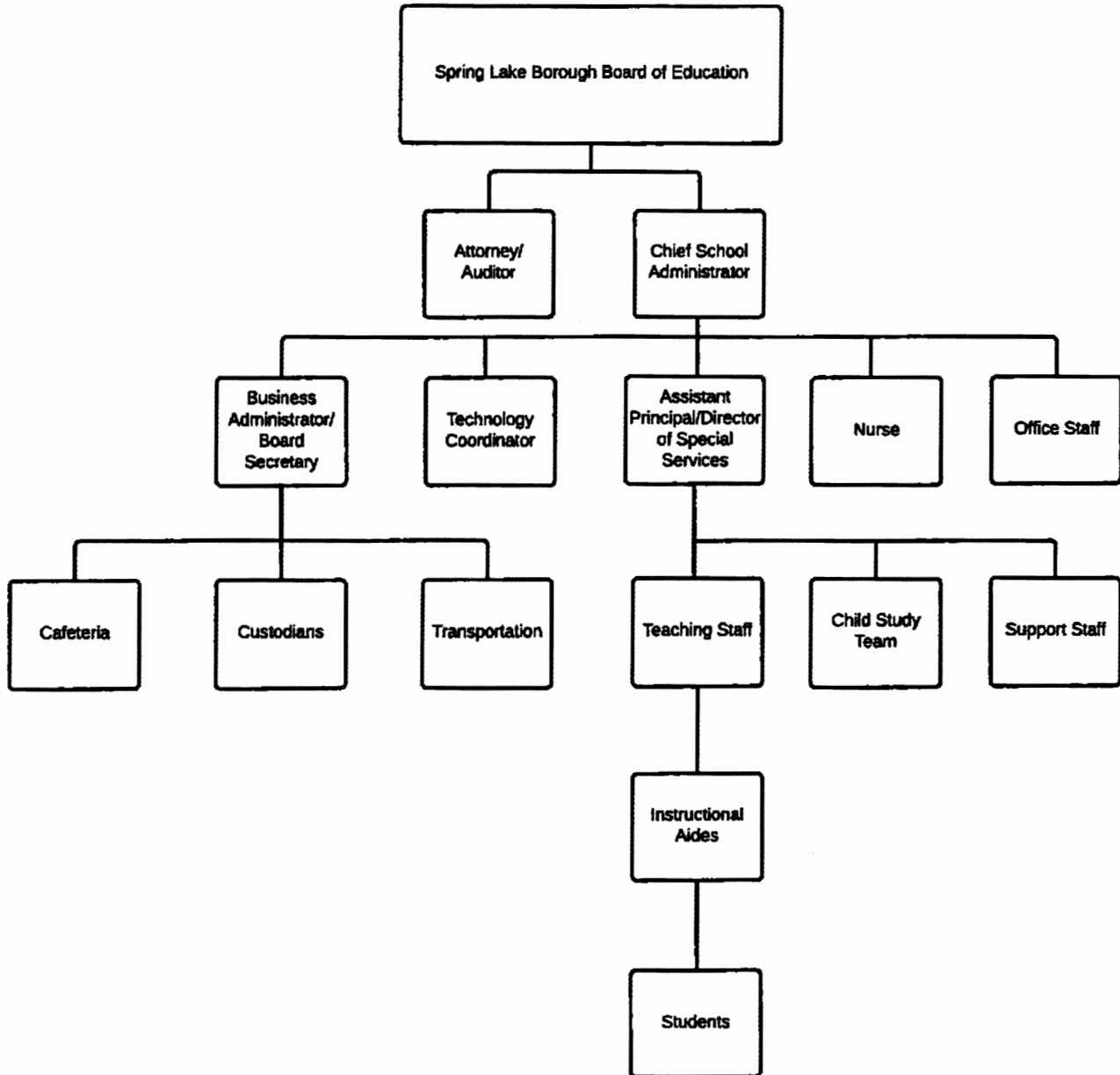
Respectfully submitted,



Dr. Raymond J. Boccuti
Superintendent

SPRING LAKE BOROUGH BOARD OF EDUCATION

Organizational Chart



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

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Began</u>	<u>Term Expires</u>
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, Wielkotz, Cerullo & Cuva, P.A.
Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

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

Official Depositories

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

TD Bank
555 Warren Avenue
Spring Lake Heights, NJ 07762

FINANCIAL SECTION

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

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.

Honorable President and
Members of the Board of Education
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019 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 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

January 22, 2019



**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, 2018**

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, 2018. 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 \$56,278. Net position of governmental activities decreased \$59,725 while net position of business-type activity increased by \$3,447.
- General revenues accounted for \$8,512,223 revenue or 96.18 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$338,521 or 3.82 percent of total revenues of \$8,850,744.
- The School District had \$9,416,157 in expenses related to governmental activities; only \$318,850 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$9,037,582 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, 2018
(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, 2018
(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, 2018
(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 \$2,749,327 at June 30, 2018. Of this amount, \$(1,518,974) 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	2,976,105	3,017,048	5,401	1,325	2,981,506	3,018,373
Capital Assets	<u>2,351,184</u>	<u>2,471,025</u>	<u>921</u>	<u>1,294</u>	<u>2,352,105</u>	<u>2,472,319</u>
Total Assets	<u>5,327,289</u>	<u>5,488,073</u>	<u>6,322</u>	<u>2,619</u>	<u>5,333,611</u>	<u>5,490,692</u>
Deferred Outflow of Resources	<u>670,325</u>	<u>802,171</u>	—	—	<u>670,325</u>	<u>802,171</u>
Liabilities						
Current Liabilities	602,591	557,420		107	602,591	557,527
Noncurrent Liabilities	<u>2,123,206</u>	<u>2,721,159</u>	<u>363</u>	—	<u>2,123,569</u>	<u>2,721,159</u>
Total Liabilities	<u>2,725,797</u>	<u>3,278,579</u>	<u>363</u>	<u>107</u>	<u>2,726,160</u>	<u>3,278,686</u>
Deferred inflows of Resources	<u>528,449</u>	<u>208,572</u>	—	—	<u>528,449</u>	<u>208,572</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	2,022,208	1,974,096	921	1,294	2,023,129	1,975,390
Restricted	2,245,172	2,147,968			2,245,172	2,147,968
Unrestricted	<u>(1,524,012)</u>	<u>(1,318,971)</u>	<u>5,038</u>	<u>1,218</u>	<u>(1,518,974)</u>	<u>(1,317,753)</u>
Total Net Position	<u>2,743,368</u>	<u>2,803,093</u>	<u>5,959</u>	<u>2,512</u>	<u>2,749,327</u>	<u>2,805,605</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2018 compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			19,671	2,908	19,671	2,908
Operating Grants and Contributions	318,850	247,141			318,850	247,141
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	6,363,044	6,378,991			6,363,044	6,378,991
Debt Service	123,635	131,083			123,635	131,083
Federal and State Aid	2,342,460	2,199,105			2,342,460	2,199,105
Miscellaneous Income	<u>208,443</u>	<u>223,483</u>	<u> </u>	<u> </u>	<u>208,443</u>	<u>223,483</u>
Total Revenues and Transfers	<u>9,356,432</u>	<u>9,179,803</u>	<u>19,671</u>	<u>2,908</u>	<u>9,376,103</u>	<u>9,182,711</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Functions/Program Expenses						
Instruction:						
Regular	1,812,584	1,732,162			1,812,584	1,732,162
Special Education	455,661	455,714			455,661	455,714
Other Instruction	84,680	71,802			84,680	71,802
Support Services:						
Tuition	1,586,365	1,535,683			1,586,365	1,535,683
Student & Instruction						
Related Services	1,004,188	947,424			1,004,188	947,424
School Administrative						
Services	81,527	78,666			81,527	78,666
General Administrative						
Services	191,475	151,317			191,475	151,317
Central Services and Admin.	133,234	145,150			133,234	145,150
Admin. Info. Technology	41,581	8,973			41,581	8,973
Plant Operations and						
Maintenance	450,209	590,191			450,209	590,191
Pupil Transportation	414,654	429,919			414,654	429,919
Summer Support Services	16,108	31,477			16,108	31,477
Unallocated Benefits	2,936,022	2,890,883			2,936,022	2,890,883
Capital Outlay - Non-						
Depreciable	4,813	913			4,813	913
Interest on Long-Term Debt	17,009	22,791			17,009	22,791
Unallocated depreciation	186,047	166,536			186,047	166,536
Food Service			2,615	2,533	2,615	2,533
After School Program			<u>13,609</u>		<u>13,609</u>	
Total Expenses	<u>9,416,157</u>	<u>9,259,601</u>	<u>16,224</u>	<u>2,533</u>	<u>9,432,381</u>	<u>9,262,134</u>
Increase or (Decrease) in						
Net Position	<u>(59,725)</u>	<u>(79,798)</u>	<u>3,447</u>	<u>375</u>	<u>(56,278)</u>	<u>(79,423)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 \$9,432,381. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,486,679 because some of the cost was paid by those who benefitted from the programs \$19,671, by other governments and organizations who subsidized certain programs with grants and contributions \$2,661,310 January 18, 2019, and by miscellaneous sources \$208,443.

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 \$3,447.
- ✓ Charges for services provided totaled \$16,224. This represents amounts paid by consumers for daily milk services and student tuition for after school program.

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, 2018, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and post retirement medical benefits and TPAF social security reimbursements, is neither a revenue item nor an expenditures item to the District but is required to be reflected in the governmental funds financial statements.
- The special revenue fund was increased by \$146,731 for an increase in federal and state grant awards.

General Fund

The general fund actual revenue was \$7,658,172. That amount is \$907,318 above the final amended budget of \$6,750,854. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$745,153 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$17,943 excess in tuition and miscellaneous anticipated revenues and \$144,222 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, 2018
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$7,744,946 which is \$49,535 above the final amended budget of \$7,695,411. 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 \$745,153 and \$695,618 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$318,850. That amount is more than the original budget estimate of \$290,189 and \$118,070 less than the final amended budget of \$436,920.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018 the School District had \$6,557,317 invested in sites, buildings and equipment. Of this amount, \$4,205,212 in depreciation has been taken over the years. We currently have a net book value of \$2,352,105. Total additions for the year were \$66,206. Total depreciation for the year was \$186,420. Table 3 shows fiscal year 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land Improvements	492,117	492,117			492,117	492,117
Buildings and Improvements	1,619,947	1,748,135			1,619,947	1,748,135
Furniture, Equipment and Vehicles	<u>239,120</u>	<u>230,773</u>	<u>921</u>	<u>1,294</u>	<u>240,041</u>	<u>232,067</u>
	<u>2,351,184</u>	<u>2,471,025</u>	<u>921</u>	<u>1,294</u>	<u>2,352,105</u>	<u>2,472,319</u>

Debt Administration

At June 30, 2018, the District had \$2,286,159 of outstanding debt. Of this amount, \$106,205 is for compensated absences; \$310,000 of serial bonds for school construction; \$1,850,978 for the net pension obligation for PERS and \$18,976 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, 2018
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Many factors were considered by the District during the process of developing the 2018-2019 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,232,539	5,401	1,237,940
Receivables, net	725,581		725,581
Restricted assets:			
Cash and cash equivalents	1,017,985		1,017,985
Land	492,117		492,117
Other Capital Assets, net	1,859,067	921	1,859,988
Total Assets	<u>5,327,289</u>	<u>6,322</u>	<u>5,333,611</u>
Deferred outflow of resources	<u>670,325</u>		<u>670,325</u>
LIABILITIES			
Accounts payable	403,775	363	404,138
Accrued interest on bonds	3,763		3,763
Payable to federal and state government	9,796		9,796
Deferred revenue	22,304		22,304
Noncurrent liabilities:			
Due within one year	162,953		162,953
Due beyond one year	2,123,206		2,123,206
Total liabilities	<u>2,725,797</u>	<u>363</u>	<u>2,726,160</u>
Deferred inflow of resources	<u>528,449</u>		<u>528,449</u>
NET POSITION			
Invested in capital assets, net of related debt	2,022,208	921	2,023,129
Restricted for:			
Other Purposes	2,245,172		2,245,172
Unrestricted	(1,524,012)	5,038	(1,518,974)
Total net position	<u>2,743,368</u>	<u>5,959</u>	<u>2,749,327</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, 2018

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	1,812,584			-		(1,812,584)		(1,812,584)
Special education	455,661			180,805		(274,856)		(274,856)
Other instruction	84,680					(84,680)		(84,680)
Support services:								
Tuition	1,586,365			-		(1,586,365)		(1,586,365)
Student & instruction related services	1,004,188			138,045		(866,143)		(866,143)
School administrative services	81,527					(81,527)		(81,527)
General administrative services	191,475					(191,475)		(191,475)
Central Services	133,234					(133,234)		(133,234)
Admin. Info. Technology	41,581					(41,581)		(41,581)
Plant operations and maintenance	450,209					(450,209)		(450,209)
Pupil transportation	414,654					(414,654)		(414,654)
Employee Benefits	2,936,022					(2,936,022)		(2,936,022)
Capital outlay-undepreciable	4,813					(4,813)		(4,813)
Summer Support Services	16,108					(16,108)		(16,108)
Interest on long-term debt	17,009					(17,009)		(17,009)
Unallocated depreciation	186,047					(186,047)		(186,047)
Total governmental activities	9,416,157	-	-	318,850	-	(9,097,307)	-	(9,097,307)
Business-type activities:								
Food Service	2,615		2,484				(131)	(131)
After School Program	13,609		17,187				3,578	3,578
Total business-type activities	16,224		19,671				3,447	3,447
Total primary government	9,432,381		19,671	318,850	-	(9,097,307)	3,447	(9,093,860)
General revenues:								
Property Taxes Levied for:								
General Purposes						6,363,044		6,363,044
Debt Service						123,635		123,635
Federal and State aid not restricted						2,287,395		2,287,395
State aid restricted						55,065		55,065
Tuition						151,647		151,647
Miscellaneous Income						56,796		56,796
Total general revenues, special items, extraordinary items and transfers						9,037,582	-	9,037,582
Change in Net Position						(59,725)	3,447	(56,278)
Net Position—beginning						2,803,093	2,512	2,805,605
Net Position—ending						2,743,368	5,959	2,749,327

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, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	1,194,773	37,766		1,232,539
Receivables from Other Governments	678,867	46,714		725,581
Restricted Cash and Cash Equivalents	1,017,985			1,017,985
Total Assets	<u>2,891,625</u>	<u>84,480</u>		<u>2,976,105</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	275,598	53,042		328,640
Payable to State Government		9,796		9,796
Deferred Revenue	662	21,642		22,304
Total Liabilities	<u>276,260</u>	<u>84,480</u>		<u>360,740</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	495,681			495,681
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	481,760			481,760
Emergency Reserve	250,000			250,000
Maintenance Reserve	249,977			249,977
Capital Reserve	518,008			518,008
Debt Service				
Assigned to:				
Year end encumbrances	4,134			4,134
Designated for Subsequent Year's Expenditures	245,612			245,612
Unassigned:				
General Fund	370,193			370,193
Total Fund Balances	<u>2,615,365</u>			<u>2,615,365</u>
Total Liabilities and Fund Balances	<u>2,891,625</u>	<u>84,480</u>		<u>2,976,105</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 \$6,547,405 and the accumulated depreciation is \$4,196,221.	2,351,184
Deferred outflow of resources	670,325
Deferred inflow of resources	(528,449)
Accounts payable for PERS payment subsequent to the measurement date.	(75,135)
Interest on Long-term debt accrued	(3,763)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,286,159)
Net position of governmental activities	<u>2,743,368</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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	6,363,044		123,635	6,486,679
Tuition	151,647			151,647
Miscellaneous	56,796			56,796
Total - Local Sources	<u>6,571,487</u>	-	123,635	6,695,122
State Sources	1,086,289	181,084	55,065	1,322,438
Federal Sources	-	137,766		137,766
Total Revenues	<u>7,657,776</u>	<u>318,850</u>	<u>178,700</u>	<u>8,155,326</u>
EXPENDITURES				
Current:				
Regular Instruction	1,854,071			1,854,071
Special Education Instruction	274,856	180,805		455,661
Other Instruction	84,680			84,680
Support Services and Undistributed Costs:				
Tuition	1,586,365			1,586,365
Student & Instruction Related Services	866,143	138,045		1,004,188
General Administrative Services	199,425			199,425
School Administrative Services	81,527			81,527
Central Services	133,234			133,234
Admin. Info. Technology	41,581			41,581
Plant Operations and Maintenance	450,209			450,209
Pupil Transportation	414,654			414,654
Employee Benefits	1,671,073			1,671,073
Debt Service:				
Principal			160,000	160,000
Interest and Other Charges			18,700	18,700
Capital Outlay	71,019			71,019
Summer Support Services	16,108			16,108
Total Expenditures	<u>7,744,945</u>	<u>318,850</u>	<u>178,700</u>	<u>8,242,495</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(87,169)</u>	-	-	<u>(87,169)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out				-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances				
	(87,169)	-	-	(87,169)
Fund Balance—July 1	<u>2,702,535</u>	<u>-</u>	<u>-</u>	<u>2,702,535</u>
Fund Balance—June 30	<u>2,615,366</u>	<u>-</u>	<u>-</u>	<u>2,615,366</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, 2018**

Total net change in fund balances - governmental funds (from B-2) (87,170)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	(186,047)	
	Depreciable Capital outlays	<u>66,206</u>	(119,841)

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:

			160,000
Bond Principal Payments			7,951
Capital Lease Principal Payments			

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 (+).

			41,487
Decrease in compensated absences payable			

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.

			5,454
Prior Year Accrued Interest			(3,763)
Current Year Accrued Interest			

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.

		73,662	
District Pension Contributions		<u>(137,505)</u>	
Less: Pension Expense			(63,843)
Increase in Pension Expense			

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

		675,746	
Increase in On-behalf State Aid TPAF Pension		<u>(675,746)</u>	
Increase in On-behalf TPAF Pension Expense			0

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF medical 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

		525,360	
Increase in On-behalf State Aid TPAF Medical		<u>(525,360)</u>	
Increase in On-behalf TPAF Medical Expense			-

Change in net assets of governmental activities (59,725)

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, 2018**

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,823	3,578	5,401
Total Current Assets	1,823	3,578	5,401
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	(8,991)		(8,991)
Total Capital Assets (Net of Accumulated Depreciation)	921	-	921
Total Assets	2,744	3,578	6,322
LIABILITIES			
Current Liabilities:			
Accounts Payable	363		363
Total Current Liabilities	363	-	363
NET ASSETS			
Invested in Capital Assets Net of Related Debt	921		921
Unrestricted	1,460	3,578	5,038
Total Net Position	2,381	3,578	5,959

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, 2018

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales - Non - Reimbursable Programs	2,484		2,484
Tuition		17,187	17,187
Total Operating Revenues	2,484	17,187	19,671
 Operating Expenses:			
Cost of Sales	2,242		2,242
Miscellaneous Expenses		13,609	13,609
Depreciation Expense	373		373
Total Operating Expenses	2,615	13,609	16,224
Operating Income (Loss)	(131)	3,578	3,447
 Transfers In (Out)			-
Change in Net Position	(131)	3,578	3,447
Total Net Position—Beginning	2,512	-	2,512
Total Net Position—Ending	2,381	3,578	5,959

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, 2018**

	Food Service Program	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,484	17,187	19,671
Payments to Vendors	(1,986)	(13,609)	(15,595)
Net Cash Provided by (Used for) Operating Activities	<u>498</u>	<u>3,578</u>	<u>4,076</u>
Net Increase (Decrease) in Cash and Cash Equivalents	498	3,578	4,076
Balances—Beginning of Year	<u>1,325</u>	-	<u>1,325</u>
Balances—End of Year	<u><u>1,823</u></u>	<u><u>3,578</u></u>	<u><u>5,401</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(131)	3,578	3,447
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Increase in Accounts Payable	256		256
Total Adjustments	<u>629</u>	<u>-</u>	<u>629</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>498</u></u>	<u><u>3,578</u></u>	<u><u>4,076</u></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, 2018**

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	44,081	435	33,058
Total Assets	44,081	435	33,058
LIABILITIES			
Payable to student groups			19,874
Payroll deductions and withholdings			13,184
Total Liabilities	-	-	33,058
NET POSITION			
Held in trust for unemployment claims and other purposes	44,081		
Reserved for Scholarships		435	

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, 2018

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
District Contribution	\$ 5,000	
Total Contributions	5,000	-
Investment earnings:		
Net investment earnings	249	3
Total additions	5,249	3
DEDUCTIONS		
Quarterly contribution reports	6,683	
Scholarships awarded		100
Total deductions	6,683	100
Change in net position	(1,434)	(97)
Net position - beginning of the year	45,515	532
Net position - end of the year	\$ 44,081	\$ 435

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, 2018**

NOTE 1. 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. 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 Lake. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. 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, 2018**

NOTE 1. 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, 2018**

NOTE 1. 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, 2018**

NOTE 1. 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 and the After School Program.

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.

C. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. 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.

D. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. 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.

E. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. 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.

F. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the 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.

G. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. 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.

H. 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.

I. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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.

K. 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.

L. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

M. 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.

N. 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 1(F) regarding the special revenue fund.

O. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. 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.

Q. 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.

R. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. 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.

S. 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.

T. 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.

U. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

V. 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.

W. 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.

X. Allowance for Uncollectible Accounts:

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

Y. Recent Accounting Pronouncements:

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 and was implemented by the District for the year ended June 30, 2018.

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 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Y. Recent Accounting Pronouncements: (continued)

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.

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 implemented this Statement for the year ended June 30, 2018.

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 had no transactions of this type for the year ended June 30, 2018.

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.

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2018, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$1,613,376
State of New Jersey Cash Management Fund	<u>720,838</u>
	<u>\$2,334,214</u>

During the period ended June 30, 2018, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018 was \$2,334,214 and the bank balance was \$2,357,458. 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, 2018, \$-0- of the Board's bank balance of \$2,357,458 was exposed to custodial credit risk.

Interest Rate Risk

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

Credit Risk

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2018, the District has \$720,838 on deposit with the New Jersey Cash Management Fund.

NOTE 3. RECEIVABLES:

Receivables at June 30, 2018, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
Tax Levy	\$530,250	\$	\$530,250
State Aid	148,617		148,617
Federal Aid	<u>46,714</u>	_____	<u>46,714</u>
Gross receivables	725,581		725,581
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$725,581</u>	<u>\$</u>	<u>\$725,581</u>

NOTE 4. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances as of June 30, 2018.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/18</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$492,117	\$ _____	\$ _____	\$492,117
Total Capital Assets, Not Being Depreciated	<u>492,117</u>	<u>_____</u>	<u>_____</u>	<u>492,117</u>
Capital Assets Being Depreciated				
Buildings and Improvements	5,367,158			5,367,158
Furniture, Equipment and Vehicles	<u>621,924</u>	<u>66,206</u>	<u>_____</u>	<u>688,130</u>
Total Capital Assets, Being Depreciated	<u>5,989,082</u>	<u>66,206</u>	<u>_____</u>	<u>6,055,288</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,619,023)	(128,188)		(3,747,211)
Furniture, Equipment and Vehicles	<u>(391,151)</u>	<u>(57,859)</u>	<u>_____</u>	<u>(449,010)</u>
Total Accumulated Depreciation	<u>(4,010,174)</u>	<u>(186,047)</u>	<u>_____</u>	<u>(4,196,221)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,978,908</u>	<u>(119,841)</u>	<u>_____</u>	<u>1,859,067</u>
Governmental Activities Capital Assets, Net	<u>\$2,471,025</u>	<u>(\$119,841)</u>	<u>\$ _____</u>	<u>\$2,351,184</u>
	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
Business-Type Activity				
Machinery and Equipment	\$9,912	\$ _____	\$ _____	\$9,912
Totals	<u>9,912</u>	<u>_____</u>	<u>_____</u>	<u>9,912</u>
Less Accumulated Depreciation				
Machinery and Equipment	<u>(8,618)</u>	<u>(373)</u>	<u>_____</u>	<u>(8,991)</u>
Total Accumulated Depreciation	<u>(8,618)</u>	<u>(373)</u>	<u>_____</u>	<u>(8,991)</u>
Business-Type Activity Capital Assets, Net	<u>\$1,294</u>	<u>(\$373)</u>	<u>\$ _____</u>	<u>\$921</u>

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2018 are as follows:

	Balance <u>6/30/17</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>6/30/18</u>	Due Within <u>One Year</u>
Compensated absences payable	\$147,692	\$	\$41,487	\$106,205	\$
Net Pension Obligation	2,244,491		393,513	1,850,978	
Bonds payable	470,000		160,000	310,000	155,000
Capital Lease Payable	<u>26,929</u>	<u> </u>	<u>7,953</u>	<u>18,976</u>	<u>7,953</u>
	<u>\$2,889,112</u>	<u>\$0</u>	<u>\$602,953</u>	<u>\$2,286,159</u>	<u>\$162,953</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.

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

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$155,000	\$12,900	\$167,900
2020	<u>155,000</u>	<u>6,200</u>	<u>161,200</u>
Total	<u>\$310,000</u>	<u>\$19,100</u>	<u>\$329,100</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, 2018, the District had no authorized but not issued bonds.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. LONG-TERM DEBT OBLIGATIONS: (continued)

C. Capital Leases

The District is leasing copy machines under capital leases. The leases are for a five-year term. The following is a schedule of the future minimum lease payments at June 30, 2018:

2019	\$7,953
2020	7,953
2021	<u>3,070</u>
	<u>\$18,976</u>

NOTE 7. PENSION PLANS:

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

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

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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 1/55th 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 1/60th 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.

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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 1/55th 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 1/60th 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.

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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> 6/30/18	\$73,662	\$5,206
6/30/17	67,325	3,800
6/30/16	69,800	2,800

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>Ending</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Premium</u>	<u>Insurance</u>
6/30/18	\$342,345	\$226,040	\$8,292	\$664
6/30/17	238,528	205,950	8,642	628
6/30/16	192,792	240,998	9,604	

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 \$168,476 during the year ended June 30, 2018 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, 2018, the District had a liability of \$1,850,978 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was .0079514832 percent, which was an increase of .0003731308 percent from its proportion measured as of June 30, 2016.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

For the year ended June 30, 2018, the District recognized pension expense of \$137,505. At June 30, 2018, 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	\$43,584	\$
Changes of assumptions	372,908	371,541
Net difference between projected and actual earnings on pension plan investments	12,604	
Changes in proportion and differences between District contributions and proportionate share of contributions	166,094	156,908
District contributions subsequent to the measurement date	<u>75,135</u>	<u> </u>
Total	<u>\$670,325</u>	<u>\$528,449</u>

The \$75,135 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, 2018, the plan measurement date is June 30, 2017) 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:	
2018	\$43,574
2019	65,754
2020	39,843
2021	(52,992)
2022	(38,624)

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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District s Proportion	.0079514832%	.0075783524%

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	<u>1%</u> Decrease <u>4.00%</u>	<u>At Current</u> Discount Rate <u>5.00%</u>	<u>1%</u> Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$2,296,264	\$1,850,978	\$1,480,000

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.

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>14,816,086</u>
	<u>\$14,816,086</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. 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, 2017, the proportion of the TPAF net pension liability associated with the District was .0219746275%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$1,026,383 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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, 2016 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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

NOTE 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

Plan Description and Benefits Provided

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. 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>11,632,032</u>
	<u>\$11,632,032</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) *Discount Rate*

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$751,400 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Spring Lake School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. 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:

AIG VALIC
AXA

NOTE 10. 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, 2018, a liability existed for compensated absences in the Food Service Fund in the amount of \$-0-.

NOTE 11. RISK MANAGEMENT:

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

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 11. RISK MANAGEMENT: (continued)

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

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

<u>Fiscal Year</u>	Employee Contributions/ Interest Earnings/ District <u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$5,249	\$6,683	\$44,081
2016-2017	1,812	362	45,515
2015-2016	3,809	899	44,065

NOTE 12. CAPITAL RESERVE ACCOUNT:

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

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$580,047
Increased by:	
Interest Earnings	8,067
Decreased by:	
Budgeted Withdrawal	<u>(70,106)</u>
Ending balance, June 30, 2018	<u>\$518,008</u>

The June 30, 2018 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$4,104,579. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

NOTE 13. 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>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 14. MAINTENANCE RESERVE ACCOUNT:

A maintenance reserve account was established by Board of Education resolution adopted June 29, 2010. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$324,977
Budgeted Withdrawal	<u>(75,000)</u>
Ending balance, June 30, 2018	<u>\$249,977</u>

NOTE 15. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,615,365 General Fund fund balance at June 30, 2018, \$4,134 is reserved for encumbrances; \$-0- has been legally reserved for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); \$249,977 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); \$977,441 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$481,760 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$518,008 has been reserved in the Capital Reserve Account; \$245,612 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; and \$370,193 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2018 of \$-0- is restricted for the payment of debt service.

NOTE 16. 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, 2018 is \$977,441 of which \$495,681 is the result of current year operations.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 17. 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 18. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 22, 2019, 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, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	6,363,044		6,363,044	6,363,044		
Tuition	159,000		159,000	151,647	(7,353)	
Miscellaneous	31,500		31,500	56,796	25,296	
Total - Local Sources	6,553,544		6,553,544	6,571,487	17,943	
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	171,002	3,996	
Extraordinary Aid	-		-	131,368	131,368	
Non-public Transportation Aid	-		-	8,858	8,858	
Other State Aids	8,030		8,030	8,030		
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				342,345	342,345	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				226,040	226,040	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				8,292	8,292	
TPAF Social Security (Reimbursed - Non-Budgeted)				168,476	168,476	
Total - State Sources	197,310		197,310	1,086,685	889,375	
TOTAL REVENUES	6,750,854		6,750,854	7,658,172	907,318	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool Salaries of Teachers	70,470		70,470	69,003	1,467	
Kindergarten - Salaries of Teachers	109,250	88,496	197,746	197,245	501	
Grades 1-5 - Salaries of Teachers	809,239	(62,554)	746,685	738,362	8,323	
Grades 6-8 - Salaries of Teachers	602,122	5,589	607,711	604,755	2,956	
Regular Programs - Home Instruction:						
Salaries of Teachers	15,000		15,000	11,582	3,418	
General Supplies	250		250	-	250	
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	38,201		38,201	34,888	3,313	
Purchased Technical Services	42,488	2,000	44,488	38,196	6,292	
Other Purchased Services (400-500 series)	11,890	(6,000)	5,890	1,910	3,980	
General Supplies	64,876	37,408	102,284	97,464	4,820	
Textbooks	5,000	38,000	43,000	42,803	197	
Other Objects	16,930	1,000	17,930	17,863	67	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,785,716	103,939	1,889,655	1,854,071	35,584	
Special Education Instruction - Resource Room/Resource Center						
Salaries of Teachers	192,360	(15,425)	176,935	171,976	4,959	
Other salaries for instruction	69,514	25,492	95,006	93,728	1,278	
Purchased Technical Services	500		500		500	
Other Purchased Services (400-500 series)						
General Supplies	1,500	8,152	9,652	8,152	1,500	
Other Objects	300		300		300	
Textbooks	2,000	(1,000)	1,000	1,000		
Total Resource Room/Resource Center	266,174	17,219	283,393	274,856	8,537	
TOTAL SPECIAL EDUCATION - INSTRUCTION	266,174	17,219	283,393	274,856	8,537	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Basic Skills/Remedial - Instruction						
Salaries of Teachers	7,500	(7,499)	1	-		1
General Supplies	200		200	-		200
Total Basic Skills/Remedial - Instruction	7,700	(7,499)	201			201
School-Sponsored Cocurricular Activities - Instruction						
Salaries of Teachers	32,179	19,587	51,766	51,765		1
General Supplies	600		600			600
Total School-Sponsored Cocurricular Activities - Instruction	32,779	19,587	52,366	51,765		601
School-Sponsored Athletics - Instruction						
Salaries	20,050		20,050	20,049		1
Purchased Services (300-500 series)	5,500		5,500	4,821		679
Supplies and Materials	5,000		5,000	4,833		167
Other Objects	4,090		4,090	3,212		878
Total School-Athletics - Instruction	34,640		34,640	32,915		1,725
Total Instructional Programs - Instruction	75,119	12,088	87,207	84,680		2,527
TOTAL INSTRUCTION	2,127,009	133,246	2,260,255	2,213,607		46,648

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	726,374	29,000	755,374	738,345	17,029	
Tuition to Other LEAs Within the State - Special	133,500	35,000	168,500	166,498	2,002	
Tuition to County Voc. School Dist. - Regular	114,480		114,480	89,040	25,440	
Tuition to County Voc. School Dist. - Special	111,000	(41,944)	69,056		69,056	
Tuition to Private Schools for the Disabled - Within State	766,349	(75,500)	690,849	592,482	98,367	
Total Undistributed Expenditures - Instruction:	1,851,703	(53,444)	1,798,259	1,586,365	2,11,894	
Undist. Expend. - Attendance & Social Work						
Salaries	46,618		46,618	46,618		
Purchased Professional and Technical Services	600		600		600	
Supplies and Materials	1,000		1,000		1,000	
Total Undist. Expend. - Attendance & Social Work	48,218		48,218	46,618	1,600	
Undist. Expend. - Health Services						
Salaries	76,370	172	76,542	75,702	840	
Purchased Professional and Technical Services	4,420		4,420	2,293	2,127	
Other Purchased Services (400-500 series)	1,200		1,200	1,200		
Supplies and Materials	3,100		3,100	987	2,113	
Other Objects	265		265	225	40	
Total Undistributed Expenditures - Health Services	85,355	172	85,527	80,407	5,120	
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries	69,076		69,076	69,076		
Purchased Professional - Educational Services	64,200		64,200	32,543	31,657	
Supplies and Materials	925		925	710	215	
Other Objects	250		250		250	
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	134,451		134,451	102,329	32,122	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.						
Salaries	20,532	(20,532)				
Purchased Professional - Educational Services	102,675		102,675	80,921	21,754	
Supplies and Materials	2,500		2,500	168	2,332	
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	125,707	(20,532)	105,175	81,089	24,086	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	153,429	(21,947)	131,482	131,481	1	
Salaries of Secretarial and Clerical Assistants	51,250		51,250	51,250		
Purchased Professional - Educational Services	7,500	(1,625)	5,875	2,098	3,777	
Other Purchased Prof. And Tech Services	1,350		1,350	1,350		
Supplies and Materials	4,000	1,517	5,517	5,271	246	
Other Objects	300		300	165	135	
Total Undist. Expend. - Other Supp. Serv. Students-Special	217,829	(22,055)	195,774	191,615	4,159	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	114,772		114,772	98,487	16,285	
Salaries of Other Professional Staff	10,000		10,000		10,000	
Salaries of Secretarial and Clerical Assistants	42,544		42,544	42,543	1	
Other Purchased Services (400-500 series)	1,695	1,625	3,320	3,320		
Total Undist. Expend. - Improvement of Inst. Services	169,011	1,625	170,636	144,350	26,286	
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	111,285	(19,188)	92,097	92,096	1	
Salaries of Technology Coordinators	85,893	(7,631)	78,262	78,262		
Purchased Professional - Technical Services	19,580		19,580	19,085	495	
Other Purchased Services (400-500 series)	9,820		9,820	5,485	4,335	
Supplies and Materials	5,000		5,000	3,459	1,541	
Other Objects	5,000		5,000	5,000		
Total Undist. Expend. - Educational Media Serv./Sch. Library	236,578	(26,819)	209,759	198,387	11,372	
Undist. Expend. - Instructional Staff Training Serv.						
Other Salaries	4,000		4,000	3,768	232	
Purchased Professional - Educational Services	3,500		3,500	500	3,000	
Other Purchased Prof. And Tech Services	500		500	500		
Other Purchased Services (400-500 series)	18,129		18,129	16,028	2,101	
Supplies and Materials	2,000		2,000	1,052	948	
Total Undist. Expend. - Instructional Staff Training Serv.	28,129		28,129	21,348	6,781	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Undist. Expend. - Supp. Serv. - General Administration						
Salaries	79,685	7,499	87,184	87,162	22	
Legal Services	20,760	7,700	28,460	26,000	2,460	
Audit Fees	15,160		15,160	14,900	260	
Other Purchased Professional Services	2,390	5,000	7,390	5,000	2,390	
Purchased Technical Services	3,780		3,780			
Communications/Telephone	8,730	9,635	18,365	17,894	471	
BOE Other Purchased Services	2,350	50	2,400	2,400		
BOE Other Purchased Services (400-500 series)	2,150		2,150	2,072	78	
General Supplies	1,500		1,500	1,302	198	
Judgments Against the School District	35,000		35,000	35,000		
BOE Membership Dues and Fees	4,100	(185)	3,915	3,915		
Total Undist. Expend. - Supp. Serv. - General Administration	175,605	29,699	205,304	199,425	5,879	
Undist. Expend. - Support Serv. - School Administration						
Salaries of Principals/Assistant Principals	65,000	2,500	67,500	67,500		
Salaries of Secretarial and Clerical Assistants	11,355	1	11,356	11,355	1	
Other Purchased Services (400-500 series)	1,139		1,139	1,130	9	
Supplies and Materials	1,955		1,955	1,404	551	
Other Objects	500		500	138	362	
Total Undist. Expend. - Support Serv. - School Administration	79,949	2,501	82,450	81,527	923	
Undistributed Expenditures-Central Services						
Salaries	98,400	32,908	131,308	131,250	58	
Misc Pur Serv (400-500 series O/than Resid Costs)	1,515		1,515	1,515		
Supplies and Materials	750		750	469	281	
Total Undistributed-Central Services	100,665	32,908	133,573	133,234	339	
Undistributed Expenditures-Admin. Info. Tech.						
Purchased Technical Services	9,700	287	9,987	9,987		
Supplies and Materials	600	31,301	31,901	31,594	307	
Other Objects	250		250	250		
Total Undistributed Expenditures-Admin. Info. Tech.	10,550	31,588	42,138	41,581	557	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Undist. Expend. - Required Maint. for School Facilities						
Cleaning, Repair and Maintenance Services	112,685	(615)	112,070	67,931	44,139	
General Supplies	4,000		4,000	1,214	2,786	
Other Objects	1,250		1,250		1,250	
Undist. Expend. - Required Maint. for School Facilities	117,935	(615)	117,320	69,145	48,175	
Undist. Expend. - Custodial Services						
Salaries	229,028	(7,969)	221,059	183,201	37,858	
Salaries of Non-Instructional Aides	20,546		20,546	17,473	3,073	
Cleaning, Repair and Maintenance Services	25,640	(8,000)	17,640	6,762	10,878	
Insurance	45,000		45,000	40,652	4,348	
General Supplies	20,700		20,700	18,779	1,921	
Energy (Natural Gas)	33,000		33,000	24,825	8,175	
Energy (Electricity)	42,000		42,000	29,882	12,118	
Other Objects	1,300		1,300	460	840	
Other Undistributed Expenditures - Custodial Services	8,000	8,000	8,000	7,980	20	
Total Undist. Expend. - Other Oper. & Maint. Of Plant	417,214	(7,969)	409,245	330,014	79,231	
Undistributed Expenditures-Care & Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	25,740		25,740	18,443	7,297	
General Supplies	2,600		2,600	2,600		
Other Objects	200		200		200	
Undistributed Expenditures-Care & Upkeep of Grounds	28,540		28,540	21,043	7,497	
Undistributed Expenditures-Security						
Salaries	28,679		28,679	28,269	410	
Cleaning, Repair and Maintenance Services	1,000		1,000		1,000	
General Supplies	1,770		1,770	1,357	413	
Other Objects	1,000		1,000	381	619	
Undistributed Expenditures-Security	32,449		32,449	30,007	2,442	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Undist. Expend. - Student Transportation Services						
Salaries for Pupil Tran. (Between Home & School)-Reg.	5,188	1	5,189	5,188	1	
Salaries for Pupil Tran. (Between Home & School)-Sp.Ed.	5,188		5,188	5,188		
Contracted Services - Aid in Lieu of Payments	5,304	1,700	7,004	7,000		
Contract Services (Other than Home & School)-Vendors	16,000		16,000	11,064	4,936	
Contract Services (Between Home & School)-Joint Agreements	3,500	(1,700)	1,800		1,800	
Contracted Services (Special Ed. Students)-Vendors	500	37,100	37,600	15,924	21,676	
Contracted Services (Regular Ed. Students)-ESCs & CTSA's	156,980		156,980	151,020	5,960	
Contracted Services (Special Ed. Students)-ESCs & CTSA's	327,950	(37,100)	290,850	219,270	71,580	
Total Undist. Expend. - Student Transportation Services	520,610	1	520,611	414,654	105,957	
Other Support Services						
Tuition Reimbursement						
Total Support Services-General Administration						

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Operation and Maintenance of Plant Services-Employee Benefits						
Social Security Contributions	35,000	(35,000)				
Total Operation and Maintenance of Plant Services-Health Benefits	35,000	(35,000)				
UNALLOCATED BENEFITS						
Social Security Contributions	23,500	51,190	74,690	74,690		
Other Retirement Contributions-PERS	72,500	2,944	75,444	75,443	1	
Other Retirement Contributions-Regular	3,350		3,350		3,350	
Unemployment Compensation	2,750		2,750	2,750		
Health Benefits Undistributed	774,870	(16,190)	758,680	727,904	30,776	
Other Employee Benefits	1,400		1,400	593	807	
Tuition Reimbursement	13,000		13,000	9,135	3,865	
Workmen's Compensation	36,812		36,812	35,405	1,407	
Unused Sick Payment to Terminated/Retired Staff						
TOTAL UNALLOCATED BENEFITS	928,182	37,944	966,126	925,920	40,206	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				342,345	(342,345)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				226,040	(226,040)	
On-behalf TPAF NCGI Premium (non-budgeted)				8,292	(8,292)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				168,476	(168,476)	
TOTAL ON-BEHALF CONTRIBUTIONS				745,153	(745,153)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	963,182	2,944	966,126	1,671,073	(704,947)	
TOTAL UNDISTRIBUTED EXPENDITURES	5,343,680	(29,996)	5,313,684	5,444,211	(130,527)	
TOTAL GENERAL CURRENT EXPENSE	7,470,689	103,250	7,573,939	7,657,818	(83,879)	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment						
Undistributed Expended-Instruction						
Other Equipment			70,690	3,900	66,790	
Architect/Engineering Services	100,000	(70,690)	29,310	66,206	(36,896)	
Total Equipment	100,000		100,000	70,106	29,894	
Facilities Acquisition and Construction Services						
Construction Serv.						
Assessment for Debt Service on SDA	913		913	913		
Total Facilities Acquisition and Construction Services	913		913	913		
TOTAL CAPITAL OUTLAY	100,913		100,913	71,019	29,894	
Summer Support Services-Instruction						
Salaries of Teachers	4,350	1,618	5,968	5,968		
Other Salaries for Instruction						
Total Summer School - Instruction	4,350	1,618	5,968	5,968		
Summer Support Services-Support Services						
Salaries	9,409		9,409	7,427	1,982	
Purchased Professional and Technical Services	6,800	(1,618)	5,182	2,713	2,469	
Total Summer Support Services	16,209	(1,618)	14,591	10,140	4,451	
TOTAL EXPENDITURES	7,592,161	103,250	7,695,411	7,744,945	(49,534)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(841,307)	(103,250)	(944,557)	(86,773)	857,784	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(841,307)	(103,250)	(944,557)	(86,773)	857,784	
Fund Balance, July 1	2,097,739		2,090,976	2,722,172		
Fund Balance, June 30	1,256,432	(103,250)	1,146,419	2,635,399	857,784	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2018						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 17-18	Variance Final to Actual	
Recapitulation of excess (deficiency) of revenues under expenditures:						
Adjustment for Prior Year Encumbrances		(103,250)	(103,250)	(103,250)		
Increase in Maintenance Reserve						
Principal						
Budgeted Withdrawal from Tuition Reserve	(80,255)		(80,255)	(80,255)		
Budgeted Withdrawal from Maintenance Reserve	(75,000)		(75,000)	(75,000)		
Budgeted Withdrawal from Capital Reserve	(100,000)		(100,000)	(100,000)		
Budgeted Fund Balances	(586,052)		(586,052)	271,731	857,783	
	(841,307)	(103,250)	(944,557)	(86,774)	857,783	
Recapitulation:						
Restricted Fund Balance:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				481,760		
Reserved - Excess Surplus				495,681		
Maintenance Reserve				249,977		
Capital Reserve				518,008		
Emergency Reserve				250,000		
Assigned Fund Balance:						
Year end Encumbrances				4,134		
Designated for Subsequent Year's Expenditures				245,612		
Unassigned Fund Balance				390,226		
Total				2,635,398		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(20,033)		
Fund Balance per Governmental Funds (GAAP)				2,615,365		

Spring Lake School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	155,535	35,345	190,880	181,084	(9,796)
Federal Sources	132,546	111,386	243,932	137,766	(106,166)
Local Sources	2,108		2,108		(2,108)
Total Revenues	290,189	146,731	436,920	318,850	(118,070)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		20,532	20,532	17,543	2,989
Other Salaries					
Purchased Professional and Technical Services	95,718	13,521	109,239	101,614	7,625
Tuition	42,851	23,843	66,694	43,207	23,487
General Supplies		43,447	43,447	398	43,049
Textbooks	18,422	1,299	19,721	18,043	1,678
Other Objects					
Total Instruction	156,991	102,642	259,633	180,805	78,828
Support Services:					
Other Salaries	29,173	(29,173)			
Employee Benefits		1,571	1,571	1,343	228
Purchased Professional - Technical Services	80,024	34,059	114,083	99,967	14,116
Purchased Professional - Educational Services	8,021	(475)	7,546	2,571	4,975
Other Purchased Services		23,680	23,680	4,250	19,430
Supplies & Materials	15,980	11,020	27,000	26,507	493
Other Objects		3,407	3,407	3,407	
Total Support Services	133,198	44,089	177,287	138,045	39,242
Total Expenditures	290,189	146,731	436,920	318,850	118,070
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, 2018**

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	7,658,172	318,850
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.			
		19,637	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).			
		(20,033)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,657,776	318,850
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	7,744,945	318,850
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]	7,744,945	318,850

**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**

	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0079514832%	0.0075783524%	0.0081188110%	0.0090813088%
District's proportionate share of the net pension liability (asset)	\$ 1,850,978	\$ 2,244,491	\$ 1,822,510	\$ 1,700,269
District's covered payroll - PERS	\$ 539,831	\$ 510,700	\$ 535,612	\$ 519,224
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	342.88%	439.49%	340.27%	327.46%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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.

Exhibit L-2

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

	2018	2017	2016	2015
Contractually required contribution	\$ 73,662.00	\$ 67,325.00	\$ 69,800.00	\$ 74,865.00
Contributions in relation to the contractually required contribution	<u>\$ (73,662.00)</u>	<u>\$ (67,325.00)</u>	<u>\$ (69,800.00)</u>	<u>\$ (74,865.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 539,831	\$ 510,700	\$ 535,612	\$ 519,224
Contributions as a percentage of covered payroll	13.65%	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**

	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0219746275%	0.0252792630%	0.0215915829%	0.0206392045%
District's proportionate share of the net pension liability (asset)	\$ 14,816,086	\$ 19,866,278	\$ 13,646,802	\$ 11,737,963
District's covered payroll - TPAF	\$ 2,250,323	\$ 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	658.40%	841.00%	577.71%	494.21%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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, 2018**

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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. 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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. 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, 2018

	Total Brought Forward (Ex. E-1a)	NCLB Title IA	Improving Teachers Quality Title II Part A	Title IV	Totals 2018
REVENUES					
State Sources	181,084				181,084
Federal Sources	108,254	19,284	6,821	3,407	137,766
Total Revenues	289,338	19,284	6,821	3,407	318,850
EXPENDITURES:					
Instruction:					
Salaries of Teachers		17,543			17,543
Purchased Professional and Technical Services	101,614				101,614
Other Purchased Services (400-500 series)					
Tuition	43,207				43,207
General Supplies		398			398
Textbooks	18,043				18,043
Other Objects					
Total Instruction	162,864	17,941			180,805
Support Services:					
Employee Benefits		1,343			1,343
Purchased Professional & Technical Services	99,967				99,967
Purchased Professional - Educational Services			2,571		2,571
Other Purchased Services (400-500 series)			4,250		4,250
Supplies & Materials	26,507				26,507
Other Objects				3,407	3,407
Total Support Services	126,474	1,343	6,821	3,407	138,045
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	289,338	19,284	6,821	3,407	318,850
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

Spring Lake School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Basic	Nonpublic Textbook Aid	Nonpublic Technology Aid	Nonpublic Nursing Aid	Total Carried Forward
REVENUES						
State Sources	115,918		18,043	12,203	34,920	181,084
Federal Sources		108,254				108,254
Total Revenues	115,918	108,254	18,043	12,203	34,920	289,338
EXPENDITURES:						
Instruction:						
Salaries of Teachers	89,411			12,203		101,614
Purchased Professional and Technical Services		43,207				43,207
Tuition						
General Supplies						
Textbooks			18,043			18,043
Other Objects						
Total instruction	89,411	43,207	18,043	12,203		162,864
Support services:						
Employee Benefits						
Purchased Professional & Technical Services		65,047			34,920	99,967
Purchased Professional - Educational Services						
Other Purchased Services (400-500 series)						
Supplies & Materials	26,507					26,507
Other Objects						
Total support services	26,507	65,047			34,920	126,474
Facilities acquisition and const. serv.:						
Instructional Equipment						
Total facilities acquisition and const. serv.						
Total Expenditures	115,918	108,254	18,043	12,203	34,920	289,338
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

Spring Lake School District
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Year Ended June 30, 2018

	Ch. 192 Auxiliary Services	Ch. 193 Handicapped Services	Security Grant	Total Carried Forward
REVENUES				
State Sources	30,065	59,346	26,507	115,918
Federal Sources				
Total Revenues	30,065	59,346	26,507	115,918
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services	30,065	59,346		89,411
Tuition				
General Supplies				
Textbooks				
Other Objects				
Total Instruction	30,065	59,346	-	89,411
Support Services:				
Employee Benefits				
Purchased Professional & Technical Services				
Purchased Professional - Educational Services				
Other Purchased Services (400-500 series)			26,507	26,507
Supplies & Materials				
Other Objects				
Total Support Services	-	-	26,507	26,507
Facilities Acquisition and Const. Serv.:				
Instructional Equipment				
Total Facilities Acquisition and Const. Serv.	-	-	-	
Total Expenditures	30,065	59,346	26,507	115,918
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	

PROPRIETARY FUNDS

**Spring Lake School District
Combining Statement of Net Position
Enterprise Funds
June 30, 2018**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,823	3,578	5,401
Total Current Assets	1,823	3,578	5,401
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	(8,991)		(8,991)
Total Capital Assets (Net of Accumulated Depreciation)	921	-	921
Total Assets	2,744	3,578	6,322
LIABILITIES			
Current Liabilities:			
Account Payable	363		363
Total Current Liabilities	363	-	363
NET POSITION			
Invested in Capital Assets Net of Related Debt	921		921
Unrestricted	1,460	3,578	5,038
Total Net Position	2,381	3,578	5,959

Spring Lake School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2018

	Food Service Program	After School Program	Totals
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	2,484		2,484
Tuition		17,187	17,187
Total Operating Revenues	<u>2,484</u>	<u>17,187</u>	<u>19,671</u>
Operating Expenses:			
Cost of Sales	2,242		2,242
Miscellaneous Expenses		13,609	13,609
Depreciation Expense	373		373
Total Operating Expenses	<u>2,615</u>	<u>13,609</u>	<u>16,224</u>
Operating Income (Loss)	(131)	3,578	3,447
Transfers In (Out)			-
Change in Net Position	<u>(131)</u>	<u>3,578</u>	<u>3,447</u>
Total Net Position—Beginning	2,512	-	2,512
Total Net Position—Ending	<u>2,381</u>	<u>3,578</u>	<u>5,959</u>

Spring Lake School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2018

	Food Service Program	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,484	17,187	19,671
Payments to Vendors	(1,986)	(13,609)	(15,595)
Net Cash Provided by (Used for) Operating Activities	<u>498</u>	<u>3,578</u>	<u>4,076</u>
Net Increase (Decrease) in Cash and Cash Equivalents	498	3,578	4,076
Balances—Beginning of Year	1,325	-	1,325
Balances—End of Year	<u>1,823</u>	<u>3,578</u>	<u>5,401</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(131)	3,578	3,447
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Increase in Accounts Payable	256		256
Total Adjustments	<u>629</u>	<u>-</u>	<u>629</u>
Net Cash Provided by (Used for) Operating Activities	<u>498</u>	<u>3,578</u>	<u>4,076</u>

FIDUCIARY FUND

**Spring Lake School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018**

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 44,081	\$ 435	\$ 33,058
Total assets	44,081	435	33,058
 LIABILITIES			
Payable to student groups			19,874
Payroll deductions and withholdings			13,184
Total liabilities	-	-	33,058
 NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 44,081		
Reserved for Scholarships		\$ 435	

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member		
District Contribution	\$ 5,000	
Total Contributions	5,000	-
Investment earnings:		
Interest	249	3
Net investment earnings	249	3
Total additions	5,249	3
DEDUCTIONS		
Quarterly contribution reports	6,683	
Scholarships awarded		100
Total deductions	6,683	100
Change in net assets	(1,434)	(97)
Net position - beginning of the year	45,515	532
Net position - end of the year	\$ 44,081	\$ 435

**Spring Lake School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS:				
General	669	180	703	146
Student Council	1,026	2,978	1,758	2,246
Yearbook	2,946	2,095	4,193	848
8th Grade	10,977	48,371	45,095	14,253
Reading Fund	3			3
Tree Fund	40			40
Loaner Books	326			326
Agriculture Fund	53			53
Special Olympics	76			76
Art Fund	1,264	1,975	1,943	1,296
Zans Garden	176			176
Recycle	53			53
Natl Jr Honor Society	142	359	406	95
Science Boards	53	241	241	53
Band/Chorus	130			130
Autism	52			52
Bowling	28	672	672	28
	<u>18,014</u>	<u>56,871</u>	<u>55,011</u>	<u>19,874</u>

**Spring Lake School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	-	1,997,770	1,997,770	-
Payroll Deductions and Withholdings	9,689	1,637,342	1,633,847	13,184
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>9,689</u>	<u>3,635,112</u>	<u>3,631,617</u>	<u>13,184</u>

LONG-TERM DEBT

**Spring Lake School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2018**

ISSUE	Date of Issue	Amount of Issue	Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
School District Refunding Bonds	3/15/2000	\$ 1,625,000	3/15/2019	105,000	4.000%	470,000		160,000	310,000
			3/15/2019	50,000	5.000%				
			3/15/2020	155,000	4.000%				
						470,000		160,000	310,000

**Spring Lake School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	123,635		123,635	123,635	-
State Sources:					
Debt Service Aid Type II	55,065		55,065	55,065	-
Total - State Sources	55,065	-	55,065	55,065	-
Total Revenues	178,700	-	178,700	178,700	-
EXPENDITURES:					
Regular Debt Service:					
Interest	18,700		18,700	18,700	-
Redemption of Principal	160,000		160,000	160,000	-
Total Regular Debt Service	178,700	-	178,700	178,700	-
Total expenditures	178,700	-	178,700	178,700	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-		-	-	-
Fund Balance, June 30	-		-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	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	2,022,208
Restricted	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	2,245,172
Unrestricted	444,423	226,266	59,438	76,835	86,569	713,715	(1,377,073)	(1,450,043)	(1,318,971)	(1,524,012)
Total Governmental Activities Net Assets	4,220,465	4,371,825	4,490,410	4,604,093	4,721,790	4,546,586	2,834,380	2,882,891	2,803,093	2,743,368
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	1,307	471		3,236	4,230	2,403	2,041	1,668	1,294	921
Unrestricted	2,327	2,795	2,575	3,236	4,230	2,403	1,116	469	1,218	5,038
Total Business-type Activities Net Assets	3,634	3,266	2,575	3,236	4,230	2,403	3,157	2,137	2,512	5,959
District-wide										
Invested in Capital Assets, Net of Related Debt	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	2,023,129
Restricted	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	2,245,172
Unrestricted	446,750	229,061	62,013	80,071	90,799	716,118	(1,375,957)	(1,449,574)	(1,317,753)	(1,518,974)
Total District Net Assets	4,224,099	4,375,091	4,492,985	4,607,329	4,726,020	4,548,989	2,837,537	2,885,028	2,805,605	2,749,327

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular	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	1,812,584
Special Education	315,921	366,556	360,436	327,798	397,754	569,875	570,168	517,204	455,714	455,661
Other Instruction	50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802	84,680
Support Services:										
Tuition	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	1,586,365
Student & Instruction Related Services	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	1,004,188
School Administrative Services	106,884	109,809	114,091	75,959	76,368	86,258	77,832	75,401	78,666	81,527
General Administrative Services	165,172	161,833	144,245	275,002	197,461	156,136	153,494	167,754	151,317	191,475
Central Services & Admin. Info. Technology	152,915	159,432	158,033	161,623	165,753	153,619	147,657	138,969	154,123	174,815
Plant Operations and Maintenance	1,511,369	784,065	582,670	625,744	667,272	514,555	605,381	493,465	590,191	450,209
Pupil Transportation	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,654
Summer Support Services		349,515	370,105	440,230	607,334	1,292,314	1,915,052	2,171,428	31,477	16,108
Unallocated Benefits	332,113	5,279	3,818		592	1,285	3,953		2,882,869	2,936,022
Capital outlay-undepreciable									913	4,813
Capital Leases									34,882	
Interest on Long-term Debt	70,457	58,566	54,513	48,657	43,963	38,330	33,843	28,480	22,791	17,009
Unallocated Depreciation	147,929	166,379	169,614	170,762	166,329	150,724	154,355	170,153	166,536	186,047
Total Governmental Activities Expenses	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	9,416,157
Business-type Activities:										
Food Service	5,411	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533	16,224
Total Business-type Activities Expenses	5,411	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533	16,224
Total District Expenses	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	9,432,381
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850
Total Governmental Activities Program Revenues	362,220	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850
Business-type Activities:										
Charges for Services:										
Food Service	5,385	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908	19,671
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	5,385	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908	19,671
Total District Program Revenues	367,605	365,441	270,639	424,595	334,196	316,048	305,643	310,582	250,049	338,521
Net (Expense)/Revenue										
Governmental Activities	(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)	(9,097,307)
Business-type Activities	(26)	(368)	(691)	661	994	(1,827)	754	(1,019)	375	3,447
Total District-wide Net Expense	(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)	(9,093,860)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	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	6,363,044
Taxes Levied for Debt Service	128,224	133,279	128,470	141,754	142,009	127,242	138,636	134,943	131,083	123,635
Unrestricted/Restricted Federal and State Aid	877,470	696,764	564,555	557,971	826,949	753,768	1,363,533	1,702,520	2,191,091	2,342,460
Tuition		9,784	6,304	9,860	3,240	2,411		99,289	123,525	151,647
Miscellaneous Income	81,492	94,521	78,624	65,504	36,257	130,963	126,986	26,085	99,958	56,796
Cancellation of accounts receivable	(426)	-	-	-	-	-	-	-	-	-
Loss on refunding of long-term debt	(110,000)	-	-	-	-	-	-	-	-	-
Transfers										
Total Governmental Activities	7,317,071	6,757,894	6,747,088	6,669,542	6,902,908	6,967,781	7,701,619	8,216,750	8,924,648	9,037,582
Business-type Activities:										
Miscellaneous Income										
Transfers										
Total Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total District-wide	7,317,071	6,757,894	6,747,088	6,669,542	6,902,908	6,967,781	7,701,619	8,216,750	8,924,648	9,037,582
Change in Net Position										
Governmental Activities	(169,763)	151,360	118,585	113,683	117,697	(175,204)	(239,440)	48,511	(79,798)	(59,725)
Business-type Activities	(26)	(368)	(691)	661	994	(1,827)	754	(1,019)	375	3,447
Total District	(169,789)	150,992	117,894	114,344	118,691	(177,031)	(238,686)	47,492	(79,423)	(56,278)

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	2,839,879	2,850,716								
Unreserved	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	1,995,426
Committed			111,125	110,433						
Assigned			5,284	43,138	321,315	618,760	264,451	103,019	258,373	249,746
Unassigned			293,138	183,995	312,847	306,160	349,697	305,847	296,194	370,193
Total General fund	3,372,775	3,304,165	3,457,451	3,434,858	3,576,046	3,277,717	2,675,600	2,719,742	2,702,535	2,615,365

All Other Governmental Funds

Restricted, Reported in:										
Capital Projects Fund			14,966	14,966						
Debt Service Fund			159	86	14,997	24	6	6		
Unreserved, Reported in:										
Capital Projects Fund	14,966	14,966								
Debt Service	14,129	13,110								
Total Other Governmental Funds	29,095	28,076	15,125	15,052	14,997	24	6	6		

Source: CAFR B-1

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

Borough of Spring Lake School District
Governmental Fund Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	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	6,486,679
Other Local Revenue	139,191	105,208	124,063	107,558	77,881	133,374	126,986	125,374	223,483	208,443
State Sources	1,052,731	848,247	665,966	680,764	980,410	920,963	1,017,438	1,222,531	1,094,595	1,322,438
Federal Sources	129,260	207,798	124,062	262,308	136,566	143,906	133,059	146,058	96,630	137,766
Total Revenues	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	8,155,326
Expenditures										
Instruction:										
Regular	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	1,854,072
Special	232,226	273,298	276,146	251,379	308,207	569,875	570,168	517,204	455,714	455,661
Other Special Instruction										
Other Instruction	50,077	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802	84,680
Support Services:										
Instruction - Tuition	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	1,586,365
Student Related Services	955,299	1,023,734	983,496	1,084,730	1,040,772	1,132,302	1,090,409	911,439	947,424	1,004,188
General Administration	165,172	161,833	144,245	275,002	182,773	156,136	153,494	167,754	151,317	199,425
School Administration	80,838	83,318	87,426	69,772	76,368	86,258	77,832	75,401	78,666	81,527
Central Services & Admin. Info. Technology	134,393	140,682	146,940	144,141	152,006	153,619	147,657	138,969	154,123	174,815
Operations and Maintenance	1,392,741	660,148	431,593	464,530	531,874	514,555	605,381	493,465	590,191	450,209
Student Transportation	307,908	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,654
Cancellation of Prior Year Receivables	426									
Employee Benefits	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	1,671,073
Capital Outlay	115,185		8,199	25,571	102,603	110,034	398,802	39,470	55,449	71,019
Summer Support Services								28,818	31,477	16,108
Debt Service:										
Principal	125,000	145,000	150,000	155,000	160,000	165,000	165,000	165,000	165,000	160,000
Interest and Other Charges	80,711	62,088	54,513	50,013	45,363	40,563	35,407	30,044	24,475	18,700
Total Governmental Fund Expenditures	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	8,242,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)
Other Financing Sources (Uses)										
Operating Transfers In					14,966					
Operating Transfers Out					(14,966)					
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	(168,017)	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)
Debt Service as a percentage of noncapital expenditures	2.62%	2.88%	2.98%	2.94%	2.90%	2.75%	2.61%	2.50%	2.40%	2.19%

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>
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
2018	151,647	21,626	35,170	208,443

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
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
2018	64,953,600	3,745,778,900	159,680,100	882,900	0	3,971,295,500	0	3,971,295,500	3,922,316,374	0.164

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

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

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

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

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

Borough of Spring Lake School District

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

Assessment Year	Basic Rate ^a	General Obligation		Local School District	Overlapping Rates		Total Direct and overlapping Tax Rate
		Debt Service ^b			Municipality	County	
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
2017	0.160	0.004		0.164	0.195	0.267	0.626

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 Ten Years Ago
 Unaudited

Taxpayer	2018			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	22,911,500	1	0.58%	18,957,100	1	0.57%
Scardino T/A Breakers Hotel	18,114,100	2	0.46%	16,607,400	2	0.50%
Taxpayer #1	11,933,500	3	0.30%			
Taxpayer #2	10,129,400	4	0.26%			
Bluth Real Estate	10,097,400	5	0.25%			
Taxpayer #3	10,082,700	6	0.25%			
Taxpayer #4	9,950,600	7	0.25%			
Taxpayer #5	9,577,000	8	0.24%			
Marisa & Ale Corp	9,048,700	9	0.23%	7,772,100	6	0.23%
Taxpayer #6	6,773,700	10	0.17%			
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>118,618,600</u>		<u>2.99%</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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2018	6,486,679	5,956,429	91.83%	530,250

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			Business-Type		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
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	0.24%	168
2018	310,000		18,976			328,976	Not Available	111

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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2018	310,000		310,000	0.01%	105

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, 2018
Unaudited**

<u>Borough of Spring Lake</u>	Net Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Borough of Spring Lake 12/31/2017	\$ 3,914,010	100.000%	\$ 3,914,010
Monmouth County General Obligation Net Debt 12/31/2017	462,342,600	3.311%	15,308,039
Subtotal, overlapping debt			19,222,049
Spring Lake School District Direct Debt			310,000
Total direct and overlapping debt			\$ 19,532,049

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 2018

	Equalized valuation basis
	2017 \$ 4,105,113,967
	2016 \$ 3,871,548,762
	2015 \$ 3,545,799,775
	<u>[A] \$11,522,462,504</u>
Average equalized valuation of taxable property	[A/3] \$ 3,840,820,835
Debt limit (3 % of average equalization value)	[B] 115,224,625 ^a
Total Net Debt Applicable to Limit	[C] 310,000
Legal debt margin	<u>[B-C] \$ 114,914,625</u>

Borough of Spring Lake:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 115,224,625
Total net debt applicable to limit	<u>1,755,000</u>	<u>1,740,000</u>	<u>1,595,000</u>	<u>1,445,000</u>	<u>1,290,000</u>	<u>1,130,000</u>	<u>965,000</u>	<u>635,000</u>	<u>470,000</u>	<u>310,000</u>
Legal debt margin	<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>	<u>\$ 114,914,625</u>
Total net debt applicable to the limit as a percentage of debt limit	1.33%	1.27%	1.13%	1.04%	0.94%	0.85%	0.72%	0.47%	0.43%	0.27%

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 NJS A 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**

Fiscal Year Ended June 30,	Population (a)	Personal Income (b)	Per Capita Income (c)	Unemployment Rate (d)
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	211,075,231	71,237	3.50
2018	2,962	Not Available	Not Available	3.30

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 2007-2016.
 - (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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	21.00	20.00	20.00	23.00	23.00	22.00	22.60	22.00	22.00	22.00
Special Education	3.00	3.00	3.00	3.00	5.00	5.00	4.00	3.00	3.00	3.00
Other Special Instruction	3.40	4.50	4.50	5.00	2.00	4.00	3.20	3.00	3.00	3.00
Other Instruction				2.00	2.00	2.00	1.00	2.00	2.00	2.00
Support Services:										
Student & Instruction Related Services	6.00	6.00	7.00	7.00	7.00	7.00	8.80	3.50	3.50	3.50
Other Support Services							1.50	2.00	2.00	2.00
School Administrative Services	0.80	0.70	0.70	0.70	0.70	0.70	2.00	2.50	2.50	2.50
General Administrative Services	0.80	0.70	0.70	0.70	0.70	0.70	3.50	3.30	3.30	3.30
Central Services & Admin. Info. Technology	1.50	1.60	1.60	1.60	1.60	1.60	1.25	1.00	1.00	1.00
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.00	3.00	3.00
Pupil Transportation	0.40	0.20	0.20	0.20	0.20	0.20	0.25	0.20	0.20	0.20
Total	40.90	40.70	41.70	45.20	46.20	47.20	51.60	45.50	45.50	45.50

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
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	275.5	7,514,025	27,279	-3.92%	30.8	01:06.7	213	201.7	0.35%	94.69%
2017	196.0	262.0	7,771,595	29,642	8.66%	N/A	N/A	197.7	189.4	-6.76%	95.83%
2018	195.0	N/A	N/A	N/A	N/A	N/A	N/A	194.1	185.9	-8.87%	95.79%

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	264	267	274	269	269	244	213	207	196	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, 2018
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**

School Facilities	Project #'s	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
H W Mountz School	N/A	69,145	163,771	100,635	192,608	137,843	137,909	98,616	107,335	294,419	#####
Total School Facilities		69,145	163,771	100,635	192,608	137,843	137,909	98,616	107,335	294,419	#####

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Article I - Property		
Real and Personal Property	500,000,000	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	100,000
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.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-1
Page 1 of 2

**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2019.

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 January 22, 2019.

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

January 22, 2019

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

K-2
Page 1 of 3

**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, 2018. 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 opinions 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, 2018.

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

January 22, 2019

Borough of Spring Lakes School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018

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, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018	
												Accounts Receivable	Deferred Revenue
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
L.D.E.A. Part B, Basic Regular	84-027	H027A170100	F7498018	140,504	7/1/2017	6/30/2018		91,052	(108,254)			(17,202)	
L.D.E.A. Part B, Basic Regular	84-027	H027A160100	F7498017	83,331	7/1/2016	6/30/2017	(41,588)	41,588					432
L.D.E.A. Part B, Preschool, Carryover	84-173	H173A150114	PS498010	4,135	9/1/2009	8/31/2010	432						
Total						(41,156)		132,640	(108,254)			(17,202)	432
Title I, Part A	84-010A	S010A170030	NCLB498018	56,921	7/1/2017	6/30/2018			(19,284)			(19,284)	
Title I, Part A	84-010A	S010A160030	NCLB498017	11,799	7/1/2016	6/30/2017	(8,842)	8,842					
Title II, Part A Improving Teacher Quality	84-367A	S367A170029	NCLB498018	16,226	7/1/2017	6/30/2018			(6,821)			(6,821)	
Title IV	84-424	S424A170031	NCLB498018	10,000	7/1/2017	6/30/2018			(3,407)			(3,407)	
Title V	84-298A	n/a	NCLB498009		9/1/2008	8/31/2009	750						750
Total Special Revenue Fund						(49,248)		141,482	(137,766)			(46,714)	1,182
Total Federal Financial Awards						(49,248)		141,482	(137,766)			(46,714)	1,182

Note: This schedule was not subject to an audit in accordance with Federal OMB Uniform Guidance.

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

Borough of Spring Lakes School District
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017			Balance at June 30, 2018			MEMO				
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balances	(Accounts Receivable)	Deferred Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	18-495-034-5120-089	171,002	7/1/2017	6/30/2018				171,002	(171,002)					\$17,003	\$171,002
Security Aid	18-495-034-5120-084	5,059	7/1/2017	6/30/2018				5,059	(5,059)					\$506	5,059
Per Pupil Growth Aid	18-495-034-5120-097	2,830	7/1/2017	6/30/2018				2,830	(2,830)					283	2,830
PARCC Readiness	18-495-034-5120-098	2,830	7/1/2017	6/30/2018				2,830	(2,830)					283	2,830
Professional Learning Community Aid	18-495-034-5120-101	2,370	7/1/2017	6/30/2018				2,370	(2,370)					237	2,370
State Aid-Public Cluster															
Transportation Aid	18-495-034-5120-014	17,215	7/1/2017	6/30/2018				17,215	(17,215)					\$1,721	17,215
Extraordinary Aid	18-495-034-5120-044	131,368	7/1/2017	6/30/2018				59,628	(131,368)	(131,368)					131,368
Non-Public Transportation Aid	17-100-034-5120-473	8,858	7/1/2016	6/30/2017			(59,628)								59,628
Non-Public Transportation Aid	18-495-034-5120-014	6,203	7/1/2016	6/30/2017			(6,203)			(8,858)					8,858
On-Behalf Non-Contributory Insurance	17-495-034-5120-014	8,292	7/1/2016	6/30/2017											8,292
On-Behalf Teacher's Pension and Annuity Fund	18-495-034-5094-004	342,345	7/1/2017	6/30/2018				342,345	(342,345)						342,345
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	226,040	7/1/2017	6/30/2018				226,040	(226,040)						226,040
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	168,476	7/1/2017	6/30/2018				160,085	(168,476)	(8,391)					168,476
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	169,425	7/1/2016	6/30/2017			(8,122)	8,122							169,425
Total General Fund															
					(73,953)		1,012,021	(1,086,685)		(148,617)			20,033	1,321,941	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	18-100-034-5120-064	19,721	7/1/2017	6/30/2018				19,721	(18,043)						18,043
Auxiliary Services (Chapter 192)	17-100-034-5120-067	21,673	7/1/2016	6/30/2017											21,644
Auxiliary Services (Chapter 192)	18-100-034-5120-067	30,119	7/1/2017	6/30/2018				30,119	(30,065)	(29)					30,065
Nonpublic Handicapped Aid (Chapter 193)	17-100-034-5120-066	47,477	7/1/2016	6/30/2017						(17,020)					30,457
Nonpublic Handicapped Aid (Chapter 193)	18-100-034-5120-066	65,800	7/1/2017	6/30/2018				65,800	(59,346)						59,346
Nursing Services Aid	17-100-034-5120-070	34,920	7/1/2016	6/30/2017						(7,444)					51,613
Nursing Services Aid	18-100-034-5120-070	33,840	7/1/2017	6/30/2018				34,920	(34,920)						34,920
Security Aid	17-100-034-5120-509	27,000	7/1/2016	6/30/2017						(866)					32,974
Security Aid	18-100-034-5120-509	18,800	7/1/2017	6/30/2018				27,000	(26,507)						26,507
Technology Initiative	17-100-034-5120-373	13,320	7/1/2016	6/30/2017						(14,720)					4,080
Technology Initiative	18-100-034-5120-373	9,776	7/1/2017	6/30/2018				13,320	(12,203)						12,203
Character Education Aid	04-495-034-5120-053	4,000	7/1/2003	6/30/2004						(33)					9,743
Total Special Revenue Fund															
					983		40,112	(190,880)	(181,084)	(40,112)			983	9,796	331,595
Debt Service Fund															
Debt Service Aid	18-495-034-5120-017	55,065	7/1/2017	6/30/2018				55,065	(55,065)						55,065
Total															
					(72,970)		40,112	1,257,966	(1,322,834)	(40,112)			983	20,033	1,708,601
Less On-Behalf TPAF Pension and Annuity Aid															
On-Behalf Non-Contributory Insurance	18-495-034-5094-004	8,292	7/1/2017	6/30/2018				8,292	(8,292)						8,292
On-Behalf Teacher's Pension and Annuity Fund	18-495-034-5094-002	342,345	7/1/2017	6/30/2018				342,345	(342,345)						342,345
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	226,040	7/1/2017	6/30/2018				226,040	(226,040)						226,040
Total State Financial Assistance															
					(72,970)		40,112	\$ 681,289	(746,157)	\$ (40,112)			983	\$ 20,033	\$ 1,131,924

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 1(D) and 1(E) 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 \$(396) 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	\$	\$1,086,289	\$1,086,289
Special Revenue Fund	137,766	181,084	318,850
Debt Service Fund		<u>55,065</u>	<u>55,065</u>
Total Financial Awards	<u>\$137,766</u>	<u>\$1,322,438</u>	<u>\$1,460,204</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, 2018. 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, 2018.

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.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$19,284
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	<u>6,821</u>
Total	<u>\$26,105</u>

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

Status of Prior Year Findings

There were no prior year audit findings.