

**SCHOOL DISTRICT OF THE
BOROUGH OF SPRING LAKE
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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

OUTLINE OF CAFR

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INTRODUCTORY SECTION



Spring Lake Borough Board of Education

HW Mountz School

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Stephen V. LaValva, EdD
Principal/Acting Superintendent

Denise McCarthy, CPA, PSA, SFO, QPA
Business Administrator/Board Secretary

Krystyna Domogala
Asst. Principal/Dir. Student Services

November 25, 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, 2019 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, 2018 (2019-2020 Aid) as reported in the Annual Application for State School Aid (ASSA) was 203.5, which is a decrease of 26.5 students over the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last ten years:

Resident Enrollment		
<u>Oct. 15 Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018	203.5	(12.0)%
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)%

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 2018-2019 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, 2019.

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, 2019, the District had \$155,000 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, Wielkotz, 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.

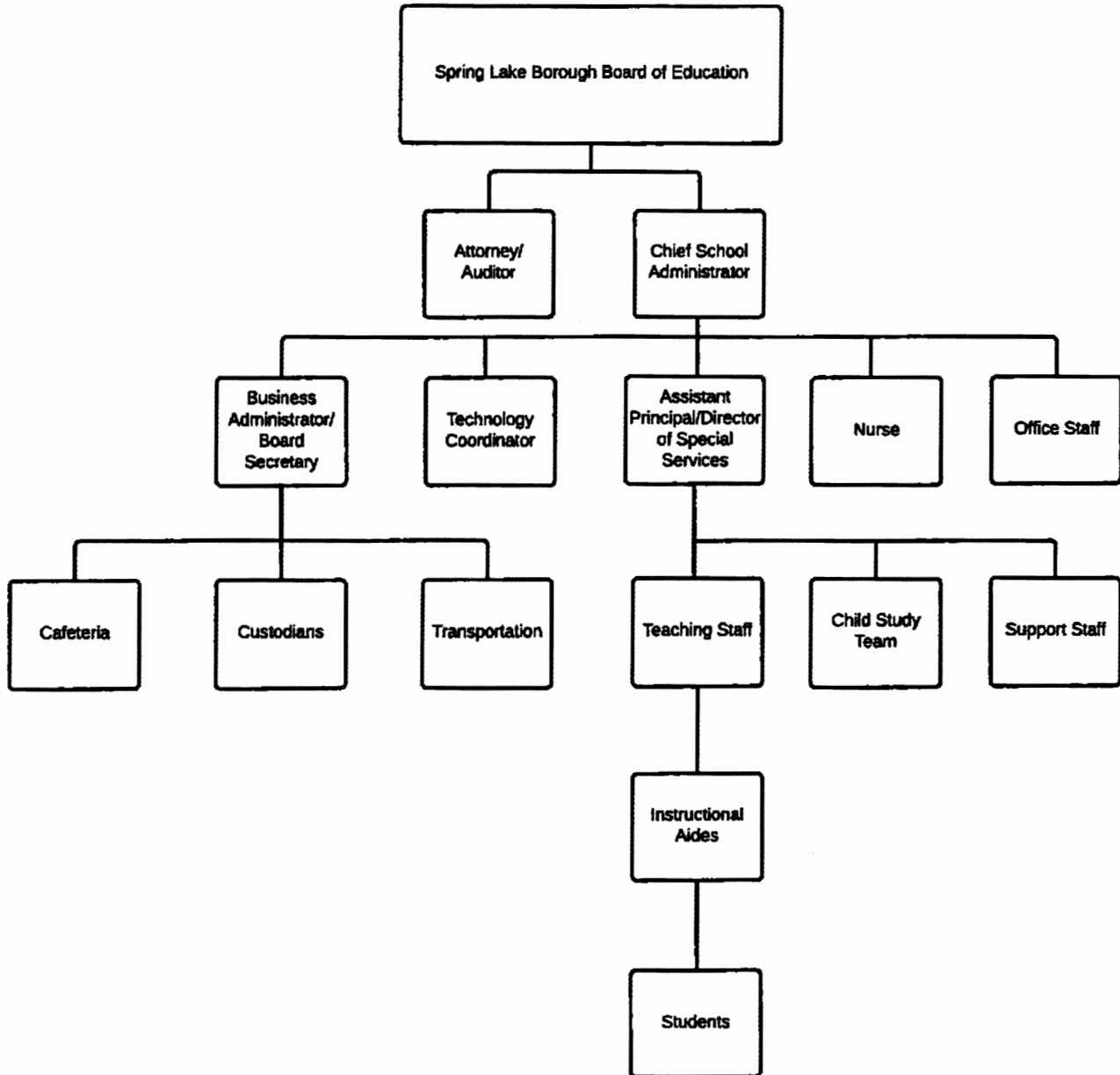
Respectfully submitted,

Stephen V. LaValva, EdD

Dr. Stephen V. LaValva
Principal/Acting Superintendent

SPRING LAKE BOROUGH BOARD OF EDUCATION

Organizational Chart



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

ROSTER OF OFFICIALS

JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term Began</u>	<u>Term Expires</u>
James Worth, President	2019	2020
Noelle Giblin, Vice President	2019	2022
Alan Ferraro	2016	2019
Christina Valori	2016	2019
Karen Matuch	2019	2022

Other Officials

Dr. Raymond Boccuti, Superintendent

Denise McCarthy, 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

Griffin Engineering, LLC
509 New York Boulevard
Sea Girt, NJ 08750

Audit Firm

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

Attorney

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

Official Depositories

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

TD Bank
555 Warren Avenue
Spring Lake Heights, NJ 07762

FINANCIAL SECTION

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

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

Certified Public Accountants
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Newton, NJ 07860
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Spring Lake School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2019, 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.



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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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 November 25, 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

November 25, 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, 2019**

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, 2019. 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 \$7,494. Net position of governmental activities decreased \$9,826 while net position of business-type activity increased by \$2,332.
- General revenues accounted for \$9,012,864 revenue or 96.45 percent of all District revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$331,451 or 3.55 percent of total revenues of \$9,344,315.
- The School District had \$9,323,382 in expenses related to governmental activities; only \$300,692 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$9,012,864 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, 2019
(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, 2019
(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, 2019
(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 \$2,741,833 at June 30, 2019. Of this amount, \$(1,419,014) 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	3,074,966	2,976,105	7,743	5,401	3,082,709	2,981,506
Capital Assets	<u>2,272,971</u>	<u>2,351,184</u>	<u>548</u>	<u>921</u>	<u>2,273,519</u>	<u>2,352,105</u>
Total Assets	<u>5,347,937</u>	<u>5,327,289</u>	<u>8,291</u>	<u>6,322</u>	<u>5,356,228</u>	<u>5,333,611</u>
Deferred Outflow of Resources	<u>44,290</u>	<u>670,325</u>	—	—	<u>44,290</u>	<u>670,325</u>
Liabilities						
Current Liabilities	817,023	602,591			817,023	602,591
Noncurrent Liabilities	<u>1,518,598</u>	<u>2,123,206</u>	—	<u>363</u>	<u>1,518,598</u>	<u>2,123,569</u>
Total Liabilities	<u>2,335,621</u>	<u>2,725,797</u>	—	<u>363</u>	<u>2,335,621</u>	<u>2,726,160</u>
Deferred inflows of Resources	<u>721,674</u>	<u>528,449</u>	—	—	<u>721,674</u>	<u>528,449</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	2,106,948	2,022,208	548	921	2,107,496	2,023,129
Restricted	2,053,351	2,245,172			2,053,351	2,245,172
Unrestricted	<u>(1,426,757)</u>	<u>(1,524,012)</u>	<u>7,743</u>	<u>5,038</u>	<u>(1,419,014)</u>	<u>(1,518,974)</u>
Total Net Position	<u>2,733,542</u>	<u>2,743,368</u>	<u>8,291</u>	<u>5,959</u>	<u>2,741,833</u>	<u>2,749,327</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2019 compared to 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			30,759	19,671	30,759	19,671
Operating Grants and Contributions	300,692	318,850			300,692	318,850
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	6,420,305	6,363,044			6,420,305	6,363,044
Debt Service	116,163	123,635			116,163	123,635
Federal and State Aid	2,172,229	2,342,460			2,172,229	2,342,460
Miscellaneous Income	<u>304,167</u>	<u>208,443</u>	<u> </u>	<u> </u>	<u>304,167</u>	<u>208,443</u>
Total Revenues and Transfers	<u>9,313,556</u>	<u>9,356,432</u>	<u>30,759</u>	<u>19,671</u>	<u>9,344,315</u>	<u>9,376,103</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Functions/Program Expenses						
Instruction:						
Regular	1,730,369	1,812,584			1,730,369	1,812,584
Special Education	696,823	455,661			696,823	455,661
Other Instruction	60,046	84,680			60,046	84,680
Support Services:						
Tuition	1,740,896	1,586,365			1,740,896	1,586,365
Student & Instruction						
Related Services	882,153	1,004,188			882,153	1,004,188
School Administrative						
Services	85,252	81,527			85,252	81,527
General Administrative						
Services	185,980	191,475			185,980	191,475
Central Services and Admin.	120,164	133,234			120,164	133,234
Admin. Info. Technology	9,208	41,581			9,208	41,581
Plant Operations and						
Maintenance	541,092	450,209			541,092	450,209
Pupil Transportation	514,386	414,654			514,386	414,654
Summer Support Services	20,794	16,108			20,794	16,108
Unallocated Benefits	2,525,054	2,936,022			2,525,054	2,936,022
Capital Outlay - Non-						
Depreciable	9,932	4,813			9,932	4,813
Interest on Long-Term Debt	10,945	17,009			10,945	17,009
Unallocated depreciation	190,288	186,047			190,288	186,047
Food Service			3,070	2,615	3,070	2,615
After School Program			<u>25,357</u>	<u>13,609</u>	<u>25,357</u>	<u>13,609</u>
Total Expenses	<u>9,323,382</u>	<u>9,416,157</u>	<u>28,427</u>	<u>16,224</u>	<u>9,351,809</u>	<u>9,432,381</u>
Increase or (Decrease) in						
Net Position	<u>(9,826)</u>	<u>(59,725)</u>	<u>2,332</u>	<u>3,447</u>	<u>(7,494)</u>	<u>(56,278)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 \$9,351,809. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,536,468 because some of the cost was paid by those who benefitted from the programs \$30,759, by other governments and organizations who subsidized certain programs with grants and contributions \$2,472,921, and by miscellaneous sources \$304,167.

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 revenues exceeded expenses by \$2,332.
- ✓ Charges for services provided totaled \$28,427. 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, 2019, 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 \$212,031 for an increase in federal and state grant awards.

General Fund

The general fund actual revenue was \$7,897,381. That amount is \$1,047,252 above the final amended budget of \$6,850,129. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$775,524 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$55,842 excess in tuition and miscellaneous anticipated revenues and \$215,886 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, 2019
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$8,014,053 which is \$182,416 above the final amended budget of \$7,831,637. 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 \$775,524 and \$593,108 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$467,192. That amount is more than the original budget estimate of \$255,161 and equal to the final amended budget of \$467,192.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019 the School District had \$6,669,392 invested in sites, buildings and equipment. Of this amount, \$4,395,873 in depreciation has been taken over the years. We currently have a net book value of \$2,273,519. Total additions for the year were \$112,075. Total depreciation for the year was \$190,661. Table 3 shows fiscal year 2019 balances compared to 2018.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land Improvements	492,117	492,117			492,117	492,117
Buildings and Improvements	1,491,759	1,619,947			1,491,759	1,619,947
Furniture, Equipment and Vehicles	<u>289,095</u>	<u>239,120</u>	<u>548</u>	<u>921</u>	<u>289,643</u>	<u>240,041</u>
	<u>2,272,971</u>	<u>2,351,184</u>	<u>548</u>	<u>921</u>	<u>2,273,519</u>	<u>2,352,105</u>

Debt Administration

At June 30, 2019, the District had \$1,681,551 of outstanding debt. Of this amount, \$103,065 is for compensated absences; \$155,000 of serial bonds for school construction; \$1,412,463 for the net pension obligation for PERS and \$11,023 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, 2019
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Many factors were considered by the District during the process of developing the 2019-2020 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. Denise McCarthy,
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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	1,219,878	7,743	1,227,621
Receivables, net	898,705		898,705
Restricted assets:			
Cash and cash equivalents	956,383		956,383
Land	492,117		492,117
Other Capital Assets, net	1,780,854	548	1,781,402
Total Assets	<u>5,347,937</u>	<u>8,291</u>	<u>5,356,228</u>
Deferred outflow of resources	<u>442,900</u>		<u>442,900</u>
LIABILITIES			
Accounts payable	572,147		572,147
Accrued interest on bonds	1,808		1,808
Payable to federal and state government	23,080		23,080
Deferred revenue	57,035		57,035
Noncurrent liabilities:			-
Due within one year	162,953		162,953
Due beyond one year	1,518,598		1,518,598
Total liabilities	<u>2,335,621</u>	<u>-</u>	<u>2,335,621</u>
Deferred inflow of resources	<u>721,674</u>		<u>721,674</u>
NET POSITION			
Invested in capital assets, net of related debt	2,106,948	548	2,107,496
Restricted for:			
Other Purposes	2,053,351		2,053,351
Unrestricted	<u>(1,426,757)</u>	<u>7,743</u>	<u>(1,419,014)</u>
Total net position	<u><u>2,733,542</u></u>	<u><u>8,291</u></u>	<u><u>2,741,833</u></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, 2019

Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
				Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:									
Instruction:									
Regular	1,730,369			-		(1,730,369)		(1,730,369)	
Special education	696,823			300,692		(396,131)		(396,131)	
Other instruction	60,046					(60,046)		(60,046)	
Support services:									
Tuition	1,740,896					(1,740,896)		(1,740,896)	
Student & instruction related services	882,153					(882,153)		(882,153)	
School administrative services	85,252					(85,252)		(85,252)	
General administrative services	185,980					(185,980)		(185,980)	
Central Services	120,164					(120,164)		(120,164)	
Admin. Info. Technology	9,208					(9,208)		(9,208)	
Plant operations and maintenance	541,092					(541,092)		(541,092)	
Pupil transportation	514,386					(514,386)		(514,386)	
Employee Benefits	2,525,054					(2,525,054)		(2,525,054)	
Capital outlay-undepreciable	9,932					(9,932)		(9,932)	
Summer Support Services	20,794					(20,794)		(20,794)	
Interest on long-term debt	10,945					(10,945)		(10,945)	
Unallocated depreciation	190,288					(190,288)		(190,288)	
Total governmental activities	9,323,382	-	-	300,692	-	(9,022,690)	-	(9,022,690)	
Business-type activities:									
Food Service	3,070		2,411				(659)	(659)	
After School Program	25,357		28,348				2,991	2,991	
Total business-type activities	28,427		30,759				2,332	2,332	
Total primary government	9,351,809		30,759	300,692		(9,022,690)	2,332	(9,020,358)	
General revenues:									
Property Taxes Levied for:									
General Purposes						6,420,305		6,420,305	
Debt Service						116,163		116,163	
Federal and State aid not restricted						2,120,492		2,120,492	
State aid restricted						51,737		51,737	
Tuition						138,281		138,281	
Miscellaneous Income						165,886		165,886	
Total general revenues, special items, extraordinary items and transfers						9,012,864		9,012,864	
Change in Net Position						(9,826)	2,332	(7,494)	
Net Position—beginning						2,743,368	5,959	2,749,327	
Net Position—ending						2,733,542	8,291	2,741,833	

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	1,068,475	151,403		1,219,878
Receivables from Other Governments	785,794	112,911		898,705
Restricted Cash and Cash Equivalents	956,383			956,383
Total Assets	<u>2,810,652</u>	<u>264,314</u>		<u>3,074,966</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	315,166	184,199		499,365
Payable to State Government		23,080		23,080
Deferred Revenue		57,035		57,035
Total Liabilities	<u>315,166</u>	<u>264,314</u>		<u>579,480</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	407,755			407,755
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	495,681			495,681
Emergency Reserve	188,398			188,398
Maintenance Reserve	249,977			249,977
Capital Reserve	518,008			518,008
Debt Service				
Assigned to:				
Year end encumbrances	53,306			53,306
Designated for Subsequent Year's Expenditures	140,226			140,226
Unassigned:				
General Fund	442,135			442,135
Total Fund Balances	<u>2,495,486</u>			<u>2,495,486</u>
Total Liabilities and Fund Balances	<u>2,810,652</u>	<u>264,314</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 \$6,659,480 and the accumulated depreciation is \$4,386,509.	2,272,971
Deferred outflow of resources	442,900
Deferred inflow of resources	(721,674)
Accounts payable for PERS payment subsequent to the measurement date.	(72,782)
Interest on Long-term debt accrued	(1,808)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,681,551)</u>
Net position of governmental activities	<u>2,733,542</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, 2019

	<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	6,420,305		116,163	6,536,468
Tuition	138,281			138,281
Miscellaneous	114,061	51,825		165,886
Total - Local Sources	<u>6,672,647</u>	<u>51,825</u>	<u>116,163</u>	<u>6,840,635</u>
State Sources	1,221,526	170,136	51,737	1,443,399
Federal Sources		245,231		245,231
Total Revenues	<u>7,894,173</u>	<u>467,192</u>	<u>167,900</u>	<u>8,529,265</u>
EXPENDITURES				
Current:				
Regular Instruction	1,733,509			1,733,509
Special Education Instruction	396,131	300,692		696,823
Other Instruction	60,046	-		60,046
Support Services and Undistributed Costs:				
Tuition	1,720,565	20,331		1,740,896
Student & Instruction Related Services	882,153			882,153
General Administrative Services	193,933	-		193,933
School Administrative Services	85,252	-		85,252
Central Services	120,164	-		120,164
Admin. Info. Technology	9,208	-		9,208
Plant Operations and Maintenance	492,757	48,335		541,092
Pupil Transportation	466,312	48,074		514,386
Employee Benefits	1,760,982	-		1,760,982
Debt Service:				
Principal			155,000	155,000
Interest and Other Charges			12,900	12,900
Capital Outlay	72,247	49,760		122,007
Summer Support Services	20,794			20,794
Total Expenditures	<u>8,014,053</u>	<u>467,192</u>	<u>167,900</u>	<u>8,649,145</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(119,880)</u>	<u>-</u>	<u>-</u>	<u>(119,880)</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				
	(119,880)	-	-	(119,880)
Fund Balance—July 1	<u>2,615,366</u>			<u>2,615,366</u>
Fund Balance—June 30	<u>2,495,486</u>	<u>-</u>	<u>-</u>	<u>2,495,486</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, 2019**

Total net change in fund balances - governmental funds (from B-2)		(119,880)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense	(190,288)	
Depreciable Capital outlays	<u>112,075</u>	(78,213)
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>		
Bond Principal Payments		155,000
Capital Lease Principal Payments		7,954
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
Decrease in compensated absences payable		3,140
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an addition to the reconciliation.</p>		
Prior Year Accrued Interest		3,763
Current Year Accrued Interest		(1,808)
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District Pension Contributions	71,355	
Less: Pension Expense	<u>(51,137)</u>	
Decrease in Pension Expense		20,218
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>		
Increase in On-behalf State Aid TPAF Pension	462,946	
Increase in On-behalf TPAF Pension Expense	<u>(462,946)</u>	0
<p>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</p>		
Increase in On-behalf State Aid TPAF Medical	321,344	
Increase in On-behalf TPAF Medical Expense	<u>(321,344)</u>	-
Change in net assets of governmental activities		<u><u>(9,826)</u></u>

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

Spring Lake School District
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,174	6,569	7,743
Total Current Assets	1,174	6,569	7,743
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	(9,364)		(9,364)
Total Capital Assets (Net of Accumulated Depreciation)	548	-	548
Total Assets	1,722	6,569	8,291
LIABILITIES			
Current Liabilities:			
Accounts Payable			-
Total Current Liabilities	-	-	-
NET ASSETS			
Invested in Capital Assets Net of Related Debt	548		548
Unrestricted	1,174	6,569	7,743
Total Net Position	1,722	6,569	8,291

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, 2019

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales - Non - Reimbursable Programs	2,411		2,411
Tuition		28,348	28,348
Total Operating Revenues	2,411	28,348	30,759
 Operating Expenses:			
Cost of Sales	2,438		2,438
Miscellaneous Expenses	259	25,357	25,616
Depreciation Expense	373		373
Total Operating Expenses	3,070	25,357	28,427
Operating Income (Loss)	(659)	2,991	2,332
 Transfers In (Out)			-
Change in Net Position	(659)	2,991	2,332
Total Net Position—Beginning	2,381	3,578	5,959
Total Net Position—Ending	1,722	6,569	8,291

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, 2019

	Food Service Program	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,411	28,348	30,759
Payments to Vendors	(3,060)	(25,357)	(28,417)
Net Cash Provided by (Used for) Operating Activities	<u>(649)</u>	<u>2,991</u>	<u>2,342</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(649)	2,991	2,342
Balances—Beginning of Year	1,823	3,578	5,401
Balances—End of Year	<u>1,174</u>	<u>6,569</u>	<u>7,743</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(659)	2,991	2,332
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Increase in Accounts Payable	(363)		(363)
Total Adjustments	<u>10</u>	<u>-</u>	<u>10</u>
Net Cash Provided by (Used for) Operating Activities	<u>(649)</u>	<u>2,991</u>	<u>2,342</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, 2019**

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	29,172	339	42,335
Due from Payroll Agency	8,397		
Total Assets	<u>37,569</u>	<u>339</u>	<u>42,335</u>
LIABILITIES			
Payable to Unemployment Trust			8,397
Payable to student groups			22,336
Payroll deductions and withholdings			11,602
Total Liabilities	<u>-</u>	<u>-</u>	<u>42,335</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>37,569</u>		
Reserved for Scholarships		<u>339</u>	

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

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,397	
District Contribution	2,500	
Total Contributions	<u>10,897</u>	<u>-</u>
Investment earnings:		
Net investment earnings	309	4
Total additions	<u>11,206</u>	<u>4</u>
DEDUCTIONS		
Quarterly contribution reports	17,718	
Scholarships awarded		100
Total deductions	<u>17,718</u>	<u>100</u>
Change in net position	(6,512)	(96)
Net position - beginning of the year	44,081	435
Net position - end of the year	<u>\$ 37,569</u>	<u>\$ 339</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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. New Accounting Standards:

During fiscal year 2019, the District adopted the following GASB Statements:

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.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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

Y. New Accounting Standards: (continued)

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. .

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2019, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$1,518,797
State of New Jersey Cash Management Fund	<u>737,053</u>
	<u>\$2,255,850</u>

During the period ended June 30, 2019, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$2,255,850 and the bank balance was \$2,286,435. 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, 2019, \$-0- of the Board's bank balance of \$2,286,435 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, 2019**

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, 2019, the District has \$737,053 on deposit with the New Jersey Cash Management Fund.

NOTE 3. RECEIVABLES:

Receivables at June 30, 2019, 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	\$535,030	\$	\$535,030
State Aid	228,905		228,905
Federal Aid	112,911		112,911
Other	<u>21,859</u>	_____	<u>21,859</u>
Gross receivables	898,705		898,705
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$898,705</u>	<u>\$</u>	<u>\$898,705</u>

NOTE 4. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances as of June 30, 2019.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/19</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>688,130</u>	<u>112,075</u>	<u>_____</u>	<u>800,205</u>
Total Capital Assets, Being Depreciated	<u>6,055,288</u>	<u>112,075</u>	<u>_____</u>	<u>6,167,363</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,747,211)	(128,188)		(3,875,399)
Furniture, Equipment and Vehicles	<u>(449,010)</u>	<u>(62,100)</u>	<u>_____</u>	<u>(511,110)</u>
Total Accumulated Depreciation	<u>(4,196,221)</u>	<u>(190,288)</u>	<u>_____</u>	<u>(4,386,509)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,859,067</u>	<u>(78,213)</u>	<u>_____</u>	<u>1,780,854</u>
Governmental Activities Capital Assets, Net	<u>\$2,351,184</u>	<u>(\$78,213)</u>	<u>\$ _____</u>	<u>\$2,272,971</u>
	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/19</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>(8,991)</u>	<u>(373)</u>	<u>_____</u>	<u>(9,364)</u>
Total Accumulated Depreciation	<u>(8,991)</u>	<u>(373)</u>	<u>_____</u>	<u>(9,364)</u>
Business-Type Activity Capital Assets, Net	<u>\$921</u>	<u>(\$373)</u>	<u>\$ _____</u>	<u>\$548</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, 2019**

NOTE 6. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2019 are as follows:

	Balance <u>6/30/18</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>6/30/19</u>	Due Within <u>One Year</u>
Compensated absences payable	\$106,205	\$	\$3,140	\$103,065	\$
Net Pension Obligation	1,850,978		438,515	1,412,463	
Bonds payable	310,000		155,000	155,000	155,000
Capital Lease Payable	<u>18,976</u>	<u> </u>	<u>7,953</u>	<u>11,023</u>	<u>7,953</u>
	<u>\$2,286,159</u>	<u>\$ </u>	<u>\$604,608</u>	<u>\$1,681,551</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>
2020	<u>\$155,000</u>	<u>\$6,200</u>	<u>\$161,200</u>
Total	<u>\$155,000</u>	<u>\$6,200</u>	<u>\$161,200</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, 2019, 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, 2019**

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, 2019:

2020	\$7,953
2021	<u>3,070</u>
	<u>\$11,023</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, 2019**

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 55 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, 2019**

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 55 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, 2019**

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> 6/30/19	\$71,355	\$4,731
6/30/18	73,662	5,206
6/30/17	67,325	3,800

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>6/30/19</u>	<u>\$389,389</u>	<u>\$180,323</u>	<u>\$8,151</u>	<u>\$386</u>
6/30/18	342,345	226,040	8,292	664
6/30/17	238,528	205,950	8,642	628

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 \$197,275 during the year ended June 30, 2019 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, 2019, the District had a liability of \$1,412,463 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was .00717369 percent, which was a decrease of .00077779 percent from its proportion measured as of June 30, 2017.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 7. PENSION PLANS: (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$51,137. At June 30, 2019, 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	\$26,936	\$7,283
Changes of assumptions	232,751	451,631
Net difference between projected and actual earnings on pension plan investments		13,249
Changes in proportion and differences between District contributions and proportionate share of contributions	110,431	249,511
District contributions subsequent to the measurement date	<u>72,782</u>	<u> </u>
Total	<u>\$442,900</u>	<u>\$721,674</u>

The \$72,782 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, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:	
2019	\$9,803
2020	(13,572)
2021	(97,327)
2022	(84,365)
2023	(27,015)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 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, 2019**

NOTE 7. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's Proportion	.00717369%	.0079514832%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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, 2017 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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 7. PENSION PLANS: (continued)

generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2019**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's proportionate share of the pension liability	\$1,776,010	\$1,412,463	\$1,107,471

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, 2019**

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, 2019 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>14,760,516</u>
	<u>\$14,760,516</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. 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, 2018, the proportion of the TPAF net pension liability associated with the District was .0232018459%.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$860,486 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2011-2026	1.55%-4.55%
Thereafter	2.00%-5.45%
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, 2019**

NOTE 7. PENSION PLANS: (continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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, 2019**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, 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 3.87% and 3.58% as of June 30, 2018 and 2017, 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 50% 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 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 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

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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.

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, 2019 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>10,121,859</u>
	<u>\$10,121,859</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2018 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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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%	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2006 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-2006 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-2006 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, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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, 2019, the board of education/board of trustees recognized on-behalf OPEB expense of \$501,667 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, 2019**

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 Equitable

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, 2019, 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, 2019**

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>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018-2019	\$11,206	\$17,718	\$37,569
2017-2018	5,249	6,683	44,081
2016-2017	1,812	362	45,515

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, 2019**

NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	<u>\$518,008</u>
Ending balance, June 30, 2019	<u>\$518,008</u>

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$250,000
Decreased by:	
Budgeted Withdrawal	<u>(61,602)</u>
Ending balance, June 30, 2019	<u>\$188,398</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2019**

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	<u>\$249,977</u>
Ending balance, June 30, 2019	<u>\$249,977</u>

NOTE 15. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,518,727 General Fund fund balance at June 30, 2019, \$53,306 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; \$188,398 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); \$903,436 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$495,681 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020); \$518,008 has been reserved in the Capital Reserve Account; \$140,226 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; and \$465,376 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2019 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, 2019 is \$903,436 of which \$407,755 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, 2019**

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 November 25, 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, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	6,420,305		6,420,305	6,420,305		
Tuition	165,000		165,000	138,281	(26,719)	
Miscellaneous	31,500		31,500	114,061	82,561	
Total - Local Sources	6,616,805		6,616,805	6,672,647	55,842	
State Sources:						
Categorical Transportation Aid	57,263		57,263	57,263		
Categorical Security Aid	5,059		5,059	5,059		
Categorical Special Education Aid	171,002		171,002	171,512	510	
Extraordinary Aid				208,519	208,519	
Non-public Transportation Aid				6,857	6,857	
Other State Aids						
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				389,389	389,389	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				180,323	180,323	
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				386	386	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				8,151	8,151	
TPAF Social Security (Reimbursed - Non-Budgeted)				197,275	197,275	
Total - State Sources	233,324		233,324	1,224,734	991,410	
TOTAL REVENUES	6,850,129		6,850,129	7,897,381	1,047,252	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool Salaries of Teachers	70,470	2,285	72,755	72,202	553	
Kindergarten - Salaries of Teachers	188,120	(72,825)	115,295	110,245	5,050	
Grades 1-5 - Salaries of Teachers	730,369	59,835	790,204	783,717	6,487	
Grades 6-8 - Salaries of Teachers	606,543	31,771	638,314	613,642	24,672	
Regular Programs - Home Instruction:						
Salaries of Teachers	15,000		15,000		15,000	
General Supplies	250		250	-	250	
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	34,288	90	34,378	17,171	17,207	
Purchased Technical Services	52,500	170	52,670	45,870	6,800	
Other Purchased Services (400-500 series)	11,990		11,990	11,990		
General Supplies	100,300	(360)	99,940	73,996	25,944	
Textbooks	5,000		5,000	1,587	3,413	
Other Objects	15,000	100	15,100	15,079	21	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,829,830	21,066	1,850,896	1,733,509	117,387	
Special Education Instruction - Resource Room/Resource Center						
Salaries of Teachers	193,360	114,390	307,750	307,397	353	
Other salaries for instruction	94,308	(5,629)	88,679	88,678	1	
Purchased Technical Services	500	(470)	30		30	
Other Purchased Services (400-500 series)						
General Supplies	1,500	(1,500)				
Other Objects	300	1,610	1,910	56	1,854	
Textbooks	2,000	(1,700)	300		300	
Total Resource Room/Resource Center	291,968	106,701	398,669	396,131	2,538	
TOTAL SPECIAL EDUCATION - INSTRUCTION	291,968	106,701	398,669	396,131	2,538	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Basic Skills/Remedial - Instruction						
Salaries of Teachers	7,500	(7,500)		-		
General Supplies	200		200	-		200
Total Basic Skills/Remedial - Instruction	7,700	(7,500)	200			200
School-Sponsored Cocurricular Activities - Instruction						
Salaries of Teachers	32,179		32,179	27,528		4,651
General Supplies	600		600			600
Total School-Sponsored Cocurricular Activities - Instruction	32,779		32,779	27,528		5,251
School-Sponsored Athletics - Instruction						
Salaries	20,050		20,050	20,050		
Purchased Services (300-500 series)	5,500		5,500	5,841		(341)
Supplies and Materials	5,500		5,500	4,552		948
Other Objects	4,000		4,000	2,075		1,925
Total School-Athletics - Instruction	35,050		35,050	32,518		2,532
Total Instructional Programs - Instruction	75,529	(7,500)	68,029	60,046		7,983
TOTAL INSTRUCTION	2,197,327	120,267	2,317,594	2,189,686		127,908

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	848,713	786	849,499	848,713	786	
Tuition to Other LEAs Within the State - Special	305,594	(11,572)	294,022	288,048	5,974	
Tuition to County Voc. School Dist. - Regular	90,790	(20,000)	70,790	65,730	5,060	
Tuition to County Voc. School Dist. - Special						
Tuition to Private Schools for the Disabled - Within State	599,622	(54,599)	545,023	518,074	26,949	
Total Undistributed Expenditures - Instruction:	1,844,719	(85,385)	1,759,334	1,720,565	38,769	
Undist. Expend. - Attendance & Social Work						
Salaries	46,618	382	47,000	46,603	397	
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	382	48,600	46,603	1,997	
Undist. Expend. - Health Services						
Salaries	76,370	8,765	85,135	68,618	16,517	
Purchased Professional and Technical Services	4,420	(320)	4,100	1,878	2,222	
Other Purchased Services (400-500 series)	1,200	(205)	995	279	716	
Supplies and Materials	3,100	525	3,625	3,625		
Other Objects	250	250	500	85	415	
Total Undistributed Expenditures - Health Services	85,340	8,765	94,105	74,485	19,620	
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries	69,076	2,749	71,825	71,825		
Purchased Professional - Educational Services	44,200	(15,311)	28,889	19,678	9,211	
Supplies and Materials	925		925	140	785	
Other Objects	250		250		250	
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	114,451	(12,562)	101,889	91,643	10,246	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.						
Salaries						
Purchased Professional - Educational Services	82,675	700	83,375	83,298	77	
Supplies and Materials	2,500	(700)	1,800	609	1,191	
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	85,175		85,175	83,907	1,268	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	152,989	5,480	158,469	156,464	2,005	
Salaries of Secretarial and Clerical Assistants	54,250	2,238	56,488	56,487	1	
Purchased Professional - Educational Services	6,000		6,000		6,000	
Other Purchased Prof. And Tech Services	1,350		1,350		1,350	
Supplies and Materials	4,000	(698)	3,302		3,302	
Other Objects	300		300	47	253	
Total Undist. Expend. - Other Supp. Serv. Students-Special	218,889	7,020	225,909	212,998	12,911	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	115,000	3,450	118,450	118,450		
Salaries of Other Professional Staff	10,000	(10,000)				
Salaries of Secretarial and Clerical Assistants	42,544	1,820	44,364	44,363	1	
Other Purchased Services (400-500 series)	3,500		3,500	3,320	180	
Total Undist. Expend. - Improvement of Inst. Services	171,044	(4,730)	166,314	166,133	181	
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	91,605	(4,000)	87,605	85,807	1,798	
Salaries of Technology Coordinators	85,893	3,240	89,133	79,558	9,575	
Purchased Professional - Technical Services	25,000	(7,000)	18,000	15,537	2,463	
Other Purchased Services (400-500 series)	13,685		13,685	5,155	8,530	
Supplies and Materials	5,000		5,000	4,126	874	
Other Objects	500		500		500	
Total Undist. Expend. - Educational Media Serv./Sch. Library	221,683	(7,760)	213,923	190,183	23,740	
Undist. Expend. - Instructional Staff Training Serv.						
Other Salaries	4,000	900	4,900	4,430	470	
Purchased Professional - Educational Services	3,500		3,500	375	3,125	
Other Purchased Prof. And Tech Services	1,000		1,000		1,000	
Other Purchased Services (400-500 series)	15,000	(900)	14,100	11,396	2,704	
Supplies and Materials	1,000		1,000		1,000	
Total Undist. Expend. - Instructional Staff Training Serv.	24,500		24,500	16,201	8,299	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Undist. Expend. - Supp. Serv. - General Administration						
Salaries	89,685	4,146	93,831	81,825	12,006	
Legal Services	20,000	39,850	59,850	59,850		
Audit Fees	15,000	(75)	14,925	14,925		
Other Purchased Professional Services	2,500	1,000	3,500	3,495	5	
Purchased Technical Services	3,840	3,840	7,680	7,680		
Communications/Telephone	7,000	13,381	20,381	20,115	266	
BOE Other Purchased Services	2,500	510	3,010	2,970	40	
Other Purchased Services (400-500 series)	2,500	(223)	2,277	2,082	195	
General Supplies	1,500	(235)	1,265	914	351	
Judgments Against the School District						
BOE Membership Dues and Fees	4,100		4,100	3,977	123	
Total Undist. Expend. - Supp. Serv. - General Administration	148,625	58,354	206,979	193,933	13,046	
Undist. Expend. - Support Serv. - School Administration						
Salaries of Principals/Assistant Principals	70,000		70,000	70,000		
Salaries of Secretarial and Clerical Assistants	11,355	1,150	12,505	12,505		
Other Purchased Services (400-500 series)	1,200		1,200	820	380	
Supplies and Materials	2,000		2,000	1,801	199	
Other Objects	500		500	126	374	
Total Undist. Expend. - Support Serv. - School Administration	85,055	1,150	86,205	85,252	953	
Undistributed Expenditures-Central Services						
Salaries	73,534	58,690	132,224	116,872	15,352	
Misc Pur Serv (400-500 series O/than Resid Costs)	1,500	100	1,600	1,600		
Supplies and Materials	500	1,500	2,000	1,692	308	
Total Undistributed-Central Services	75,534	60,290	135,824	120,164	15,660	
Undistributed Expenditures-Admin. Info. Tech.						
Purchased Technical Services	2,000	6,625	8,625	8,625		
Supplies and Materials	600		600	583	17	
Other Objects	250		250	250		
Total Undistributed Expenditures-Admin. Info. Tech.	2,850	6,625	9,475	9,208	267	

Spring Lake School District Budgetary Comparison Schedule General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Undist. Expend. - Required Maint. for School Facilities						
Cleaning, Repair and Maintenance Services	177,729	(104,611)	73,118	64,221	8,897	
General Supplies	4,000	16,000	20,000	18,878	1,122	
Other Objects	1,250	(1,000)	250		250	
Undist. Expend. - Required Maint. for School Facilities	182,979	(89,611)	93,368	83,099	10,269	
Undist. Expend. - Custodial Services						
Salaries	229,028	(43,208)	185,820	185,420	400	
Salaries of Non-Instructional Aides	20,546	(2,407)	18,139	17,743	396	
Cleaning, Repair and Maintenance Services	26,002	(6,194)	19,808	14,804	5,004	
Insurance	48,002	(7,654)	40,348	38,403	1,945	
General Supplies	22,670		22,670	20,965	1,705	
Energy (Natural Gas)	33,000		33,000	32,400	600	
Energy (Electricity)	45,000	(6,715)	38,285	38,000	285	
Other Objects	1,300	2,083	3,383	3,383		
Other Undistributed Expenditures - Custodial Services						
Total Undist. Expend. - Other Oper. & Maint. Of Plant	425,548	(64,095)	361,453	351,118	10,335	
Undistributed Expenditures-Care & Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	25,000	1,494	26,494	26,134	360	
General Supplies	3,000	(314)	2,686	1,643	1,043	
Other Objects	200	14	214	214		
Undistributed Expenditures-Care & Upkeep of Grounds	28,200	1,194	29,394	27,991	1,403	
Undistributed Expenditures-Security						
Salaries	28,679	482	29,161	29,161		
Cleaning, Repair and Maintenance Services	1,000	(349)	651	50	601	
General Supplies	2,000		2,000	617	1,383	
Other Objects	1,000		1,000	721	279	
Undistributed Expenditures-Security	32,679	133	32,812	30,549	2,263	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Undist. Expend. - Student Transportation Services						
Salaries for Pupil Tran. (Between Home & School)-Reg.	5,188	155	5,343	5,221	122	
Salaries for Pupil Tran. (Between Home & School)-Sp.Ed.	5,188	156	5,344	5,220	124	
Contracted Services - Aid in Lieu of Payments	7,000	(416)	6,584	4,000	2,584	
Contract Services (Other than Between Home & School)-Vendors	16,242		16,242	12,558	3,684	
Contract Services (Between Home & School)-Joint Agreements	1,827		1,827		1,827	
Contracted Services (Special Ed. Students)-Vendors	38,168	(36,018)	2,150	150	2,000	
Contracted Services (Regular Ed. Students)-ESCs & CTSA's	159,350	16,695	176,045	158,615	17,430	
Contracted Services (Special Ed. Students)-ESCs & CTSA's	295,242	10,083	305,325	280,548	24,777	
Total Undist. Expend. - Student Transportation Services	528,205	(9,345)	518,860	466,312	52,548	
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, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Operation and Maintenance of Plant Services-Employee Benefits						
Social Security Contributions						
Total Operation and Maintenance of Plant Services-Health Benefits						
UNALLOCATED BENEFITS						
Social Security Contributions	65,000	37,532	102,532	66,748	35,784	
Other Retirement Contributions-PERS	78,000	(6,150)	71,850	71,850		
Other Retirement Contributions-Regular	3,350		3,350	91	3,259	
Unemployment Compensation	2,500		2,500	2,500		
Health Benefits Undistributed	813,902	(24,308)	789,594	789,594		
Other Employee Benefits	1,400		1,400	1,193	207	
Tuition Reimbursement	13,000	(6,282)	6,718		6,718	
Workmen's Compensation	39,415	2,918	42,333	42,332	1	
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000	11,150	3,850	
TOTAL UNALLOCATED BENEFITS	1,031,567	3,710	1,035,277	985,458	49,819	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				389,389	(389,389)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				180,323	(180,323)	
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				386	(386)	
On-behalf TPAF NCGI Premium (non-budgeted)				8,151	(8,151)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				197,275	(197,275)	
TOTAL ON-BEHALF CONTRIBUTIONS				775,524	(775,524)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,031,567	3,710	1,035,277	1,760,982	(725,705)	
TOTAL UNDISTRIBUTED EXPENDITURES	5,355,261	(125,865)	5,229,396	5,731,326	(501,930)	
TOTAL GENERAL CURRENT EXPENSE	7,552,588	(5,598)	7,546,990	7,921,012	(374,022)	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
CAPITAL OUTLAY						
Equipment						
Undistributed Expended-Instruction						
Other Equipment		5,599	5,599	5,599		
Architect/Engineering Services		4,134	4,134	4,133	1	
Total Equipment		9,733	9,733	9,732	1	
Facilities Acquisition and Construction Services						
Construction Serv.	240,000		240,000	52,582	187,418	
Architect/Engineering Services	10,000		10,000	9,020	980	
Assessment for Debt Service on SDA	913		913	913		
Total Facilities Acquisition and Construction Services	250,913		250,913	62,515	188,398	
TOTAL CAPITAL OUTLAY	250,913	9,733	260,646	72,247	188,399	
Summer Support Services-Instruction						
Salaries of Teachers	6,000	1,179	7,179	7,179		
Other Salaries for Instruction		803	803	803		
Total Summer School - Instruction	6,000	1,982	7,982	7,982		
Summer Support Services-Support Services						
Salaries	9,500	(802)	8,698	7,942	756	
Purchased Professional and Technical Services	8,500	(1,179)	7,321	4,870	2,451	
Total Summer Support Services	18,000	(1,981)	16,019	12,812	3,207	
TOTAL EXPENDITURES	7,827,501	4,136	7,831,637	8,014,053	(182,416)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(977,372)	(4,136)	(981,508)	(116,672)	864,836	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(977,372)	(4,136)	(981,508)	(116,672)	864,836	
Fund Balance, July 1	1,256,452	(103,250)	1,146,419	2,635,399	857,784	
Fund Balance, June 30	279,060	(107,386)	164,911	2,518,727	1,722,620	

Spring Lake School District						
Budgetary Comparison Schedule						
General Fund						
For the Year Ended June 30, 2019						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 18-19	Variance Final to Actual	
Recapitulation of excess (deficiency) of revenues under expenditures:						
Adjustment for Prior Year Encumbrances		(4,136)	(4,136)	(4,136)		
Budgeted Withdrawal from Emergency Reserve	(250,000)		(250,000)	(61,602)	188,398	
Budgeted Fund Balances	(727,372)		(727,372)	(50,934)	676,438	
	(977,372)	(4,136)	(981,508)	(116,672)	864,836	
Recapitulation:						
Restricted Fund Balance:						
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				495,681		
Reserved - Excess Surplus				407,755		
Maintenance Reserve				249,977		
Capital Reserve				518,008		
Emergency Reserve				188,398		
Assigned Fund Balance:						
Year end Encumbrances				53,306		
Designated for Subsequent Year's Expenditures				140,226		
Unassigned Fund Balance				465,376		
Total				2,518,727		
Reconciliation to Governmental Funds Statement (GAAP):						
Last State Aid Payment not recognized on GAAP basis				(23,241)		
Fund Balance per Governmental Funds (GAAP)				2,495,486		

**Spring Lake School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	132,205	37,931	170,136	170,136	
Federal Sources	121,164	124,067	245,231	245,231	
Local Sources	1,792	50,033	51,825	51,825	
Total Revenues	255,161	212,031	467,192	467,192	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	89,549	(27,248)	62,301	62,301	
Other Salaries					
Purchased Professional and Technical Services	78,514	135,327	213,841	213,841	
Tuition					
General Supplies		7,782	7,782	7,782	
Textbooks	15,659	1,109	16,768	16,768	
Other Objects					
Total Instruction	183,722	116,970	300,692	300,692	
Support Services:					
Other Salaries	24,797	(24,797)			
Employee Benefits		20,331	20,331	20,331	
Purchased Professional - Technical Services	26,241	(26,241)			
Purchased Professional - Educational Services	6,818	(6,818)			
Other Purchased Services		48,335	48,335	48,335	
Supplies & Materials	13,583	84,251	97,834	48,074	49,760
Other Objects					
Total Support Services	71,439	95,061	166,500	116,740	49,760
Facilities Acquisition and Const. Serv.:					
Instructional Equipment				49,760	(49,760)
Total Facilities Acquisition and Const. Serv.				49,760	(49,760)
Total Expenditures	255,161	212,031	467,192	467,192	
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, 2019

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]	7,897,381	467,192
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.			
		20,033	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).			
		(23,241)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,894,173	467,192
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	8,014,053	467,192
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]	8,014,053	467,192

**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**

	2019	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0071736861%	0.0079514832%	0.0075783524%	0.0081188110%	0.0090813088%
District's proportionate share of the net pension liability (asset)	1,412,463	\$ 1,850,978	\$ 2,244,491	\$ 1,822,510	\$ 1,700,269
District's covered payroll - PERS	494,264	\$ 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	285.77%	342.88%	439.49%	340.27%	327.46%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	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.

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

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 71,355	\$ 73,662	\$ 67,325	\$ 69,800	\$ 74,865
Contributions in relation to the contractually required contribution	<u>\$ (71,355)</u>	<u>\$ (73,662)</u>	<u>\$ (67,325)</u>	<u>\$ (69,800)</u>	<u>\$ (74,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 494,264	\$ 539,831	\$ 510,700	\$ 535,612	\$ 519,224
Contributions as a percentage of covered payroll	14.44%	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**

	2019	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0232018459%	0.0219746275%	0.0252792630%	0.0215915829%	0.0206392045%
District's proportionate share of the net pension liability (asset)	\$ 14,760,516	\$ 14,816,086	\$ 19,866,278	\$ 13,646,802	\$ 11,737,963
District's covered payroll - TPAF	\$ 2,465,704	\$ 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	598.63%	658.40%	841.00%	577.71%	494.21%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	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, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 4.25% to 4.86%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

SPRING LAKE SCHOOL DISTRICT
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
Last 10 Fiscal Years*

	2018	2019
Total OPEB Liability		
Service Costs	\$ 538,624	\$ 447,743
Interest on Total OPEB Liability	367,457	427,820
Changes in Assumptions	(1,498,005)	(1,161,534)
Differences Between Expected and Actual Experience		(962,901)
Gross Benefit Payments	(269,423.00)	(270,655.00)
Contribution from the Member	9,921	9,354
Net Changes in total Share of OPEB Liability	(851,426)	(1,510,173)
Total OPEB Liability - Beginning	12,483,458	11,632,032
Total OPEB Liability - Ending	\$ 11,632,032	\$ 10,121,859
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	11,632,032	10,121,859
Total OPEB Liability - Ending	\$ 11,632,032	\$ 10,121,859
District's Covered Employee Payroll	\$ 2,790,154	\$ 2,959,968
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Notes to Schedule:

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

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 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
Notes to Required Schedules of Supplementary Information OPEB Liability
For the fiscal year ended June 30, 2019

Change in benefit terms	None
Change in assumptions	Assumptions used in calculating the OPEB liability are presented in Note 8.

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, 2019

	Total Brought Forward (Ex. E-1a)	L.D.E.A. Preschool	Improving Teachers Quality Title II Part A	Title IV	Totals 2019
REVENUES					
State Sources	170,136				170,136
Local Sources	51,825				51,825
Federal Sources	208,078	7,782	12,778	16,593	245,231
Total Revenues	430,039	7,782	12,778	16,593	467,192
EXPENDITURES:					
Instruction:					
Salaries of Teachers	56,590			5,711	62,301
Purchased Professional and Technical Services	201,063		12,778		213,841
Other Purchased Services (400-500 series)					
Tuition					
General Supplies		7,782			7,782
Textbooks	16,768				16,768
Other Objects					
Total Instruction	274,421	7,782	12,778	5,711	300,692
Support Services:					
Employee Benefits	19,891			440	20,331
Purchased Professional & Technical Services					
Purchased Professional - Educational Services	48,335				48,335
Other Purchased Services (400-500 series)	37,632			10,442	48,074
Supplies & Materials					
Other Objects					
Total Support Services	105,858			10,882	116,740
Facilities Acquisition and Const. Serv.:					
Instructional Equipment	49,760				49,760
Total Facilities Acquisition and Const. Serv.	49,760				49,760
Total Expenditures	430,039	7,782	12,778	16,593	467,192
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, 2019

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Basic	TITLE I-A	Nonpublic Textbook Aid	Nonpublic Technology Aid	Nonpublic Nursing Aid	Total Carried Forward
REVENUES							
State Sources	112,176			16,768	10,734	30,458	170,136
Local Sources	51,825	131,597	76,481				51,825
Federal Sources							208,078
Total Revenues	164,001	131,597	76,481	16,768	10,734	30,458	430,039
EXPENDITURES:							
Instruction:							
Salaries of Teachers	76,609	83,262	56,590		10,734	30,458	56,590
Purchased Professional and Technical Services							201,063
Tuition							
General Supplies				16,768			16,768
Textbooks							
Other Objects							
Total instruction	76,609	83,262	56,590	16,768	10,734	30,458	274,421
Support services:							
Employee Benefits			19,891				19,891
Purchased Professional & Technical Services							
Purchased Professional - Educational Services							
Other Purchased Services (400-500 series)	37,632	48,335					48,335
Supplies & Materials							37,632
Other Objects							
Total support services	37,632	48,335	19,891				105,858
Facilities acquisition and const. serv.:							
Instructional Equipment	49,760						49,760
Total facilities acquisition and const. serv.	49,760						49,760
Total Expenditures	164,001	131,597	76,481	16,768	10,734	30,458	430,039
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, 2019

	Ch. 192 Auxiliary Services	Ch. 193 Handicapped Services	Security Grant	Local Sources	Total Carried Forward
REVENUES					
State Sources	31,980	44,629	35,567	51,825	112,176
Local Sources				51,825	51,825
Federal Sources					
Total Revenues	31,980	44,629	35,567	51,825	164,001
EXPENDITURES:					
Instruction:					
Salaries of Teachers					76,609
Purchased Professional and Technical Services	31,980	44,629			
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction	31,980	44,629	-	-	76,609
Support Services:					
Employee Benefits					
Purchased Professional & Technical Services					
Purchased Professional - Educational Services					
Other Purchased Services (400-500 series)			35,567	2,065	37,632
Supplies & Materials					
Other Objects					
Total Support Services	-	-	35,567	2,065	37,632
Facilities Acquisition and Const. Serv.:					
Instructional Equipment				49,760	49,760
Total Facilities Acquisition and Const. Serv.	-	-	-	49,760	49,760
Total Expenditures	31,980	44,629	35,567	51,825	164,001
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, 2019**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,174	6,569	7,743
Total Current Assets	1,174	6,569	7,743
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	(9,364)		(9,364)
Total Capital Assets (Net of Accumulated Depreciation)	548	-	548
Total Assets	1,722	6,569	8,291
LIABILITIES			
Current Liabilities:			
Account Payable			-
Total Current Liabilities	-	-	-
NET POSITION			
Invested in Capital Assets Net of Related Debt	548		548
Unrestricted	1,174	6,569	7,743
Total Net Position	1,722	6,569	8,291

Spring Lake School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2019

	Food Service Program	After School Program	Totals
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	2,411		2,411
Tuition		28,348	28,348
Total Operating Revenues	<u>2,411</u>	<u>28,348</u>	<u>30,759</u>
Operating Expenses:			
Cost of Sales	2,438		2,438
Miscellaneous Expenses	259	25,357	25,616
Depreciation Expense	373		373
Total Operating Expenses	<u>3,070</u>	<u>25,357</u>	<u>28,427</u>
Operating Income (Loss)	(659)	2,991	2,332
Transfers In (Out)			-
Change in Net Position	<u>(659)</u>	<u>2,991</u>	<u>2,332</u>
Total Net Position—Beginning	<u>2,381</u>	<u>3,578</u>	<u>5,959</u>
Total Net Position—Ending	<u><u>1,722</u></u>	<u><u>6,569</u></u>	<u><u>8,291</u></u>

Spring Lake School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2019

	Food Service Program	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,411	28,348	30,759
Payments to Vendors	(3,060)	(25,357)	(28,417)
Net Cash Provided by (Used for) Operating Activities	<u>(649)</u>	<u>2,991</u>	<u>2,342</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(649)	2,991	2,342
Balances—Beginning of Year	1,823	3,578	5,401
Balances—End of Year	<u>1,174</u>	<u>6,569</u>	<u>7,743</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(659)	2,991	2,332
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Decrease in Accounts Payable	(363)		(363)
Total Adjustments	<u>10</u>	<u>-</u>	<u>10</u>
Net Cash Provided by (Used for) Operating Activities	<u>(649)</u>	<u>2,991</u>	<u>2,342</u>

FIDUCIARY FUND

Spring Lake School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 29,172	\$ 339	\$ 42,335
Due from Payroll Agency	8,397		
Total assets	37,569	339	42,335
 LIABILITIES			
Payable to Unemployment Trust Fund			8,397
Payable to student groups			22,336
Payroll deductions and withholdings			11,602
Total liabilities	-	-	42,335
 NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 37,569		
Reserved for Scholarships		\$ 339	

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	Unemployment Compensation Trust Fund	Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,397	
District Contribution	\$ 2,500	
Total Contributions	<u> 10,897</u>	<u> -</u>
Investment earnings:		
Interest	309	4
Net investment earnings	<u> 309</u>	<u> 4</u>
Total additions	<u> 11,206</u>	<u> 4</u>
DEDUCTIONS		
Quarterly contribution reports	17,718	
Scholarships awarded		100
Total deductions	<u> 17,718</u>	<u> 100</u>
Change in net assets	(6,512)	(96)
Net position - beginning of the year	<u> 44,081</u>	<u> 435</u>
Net position - end of the year	<u><u> \$ 37,569</u></u>	<u><u> \$ 339</u></u>

**Spring Lake School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2019</u>
ELEMENTARY SCHOOLS:				
General	146	258		404
Student Council	2,246	1,669	2,629	1,286
Yearbook	848	2,241		3,089
8th Grade	14,253	57,284	56,461	15,076
Reading Fund	3			3
Tree Fund	40			40
Loaner Books	326			326
Agriculture Fund	53			53
Special Olympics	76			76
Art Fund	1,296	2,200	2,049	1,447
Zans Garden	176			176
Recycle	53			53
Natl Jr Honor Society	95	365	410	50
Science Boards	53	224	224	53
Band/Chorus	130			130
Autism	52			52
Bowling	28	722	728	22
	<u>19,874</u>	<u>64,963</u>	<u>62,501</u>	<u>22,336</u>

**Spring Lake School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2019</u>
Net Payroll	-			-
Payroll Deductions and Withholdings	13,184	2,133,366 1,735,082	2,133,366 1,736,664	11,602 8,397
Due to Unemployment Trust		8,397		
	<u>13,184</u>	<u>3,876,845</u>	<u>3,870,030</u>	<u>19,999</u>

LONG-TERM DEBT

**Spring Lake School District
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2019**

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

**Spring Lake School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	116,163		116,163	116,163	-
State Sources:					
Debt Service Aid Type II	51,737		51,737	51,737	-
Total - State Sources	51,737	-	51,737	51,737	-
Total Revenues	167,900	-	167,900	167,900	-
EXPENDITURES:					
Regular Debt Service:					
Interest	12,900		12,900	12,900	-
Redemption of Principal	155,000		155,000	155,000	-
Total Regular Debt Service	167,900	-	167,900	167,900	-
Total expenditures	167,900	-	167,900	167,900	-
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

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	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	2,106,948
Restricted	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	2,053,351
Unrestricted	226,266	59,438	76,835	86,569	713,715	(1,377,073)	(1,450,043)	(1,318,971)	(1,524,012)	(1,426,757)
Total Governmental Activities Net Assets	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	2,733,542
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	471					2,041	1,668	1,294	921	548
Unrestricted	2,795	2,575	3,236	4,230	2,403	1,116	469	1,218	5,038	7,743
Total Business-type Activities Net Assets	3,266	2,575	3,236	4,230	2,403	3,157	2,137	2,512	5,959	8,291
District-wide										
Invested in Capital Assets, Net of Related Debt	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	2,107,496
Restricted	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	2,053,351
Unrestricted	229,061	62,013	80,071	90,799	716,118	(1,375,957)	(1,449,574)	(1,317,753)	(1,518,974)	(1,419,014)
Total District Net Assets	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	2,741,833

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Instruction:										
Regular	1,987,568	1,922,931	2,216,761	2,119,383	1,693,205	1,668,325	1,720,469	1,732,162	1,812,584	1,730,369
Special Education	366,556	360,436	327,798	397,754	569,875	570,168	517,204	455,714	455,661	696,823
Other Instruction	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802	84,680	60,046
Support Services:										
Tuition	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	1,740,896
Student & Instruction Related Services	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	882,153
School Administrative Services	109,809	114,091	75,959	76,368	86,258	77,832	75,401	78,666	81,527	85,252
General Administrative Services	161,833	144,245	275,002	197,461	156,136	153,494	167,754	151,317	191,475	185,980
Central Services & Admin. Info. Technology	159,452	138,033	161,623	165,753	153,619	147,657	138,969	154,123	174,815	129,372
Plant Operations and Maintenance	784,065	582,670	625,744	667,272	514,555	605,381	493,465	590,191	450,209	541,092
Pupil Transportation	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,654	514,386
Summer Support Services	349,515	370,105	440,230	607,334	1,292,314	1,915,052	2,171,428	31,477	16,108	20,794
Unallocated Benefits	5,279	3,818		592	1,285	3,953		2,882,869	2,936,022	2,525,054
Capital outlay-undepreciable								913	4,813	9,932
Capital Leases							34,882			
Interest on Long-term Debt	58,566	54,513	48,657	43,963	38,330	33,843	28,480	22,791	17,009	10,945
Unallocated Depreciation	166,379	169,614	170,762	166,329	150,724	154,355	170,153	166,536	186,047	190,288
Total Governmental Activities Expenses	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	9,323,382
Business-type Activities:										
Food Service	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533	2,615	3,070
After School Program									13,609	25,357
Total Business-type Activities Expenses	5,625	6,722	6,639	4,791	6,774	3,044	5,064	2,533	2,615	3,070
Total District Expenses	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	9,351,809
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850	300,692
Total Governmental Activities Program Revenues	360,184	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850	300,692
Business-type Activities:										
Charges for Services:										
Food Service	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908	2,484	2,411
After School Program									17,187	28,348
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	5,257	6,031	7,300	5,785	4,947	3,798	4,045	2,908	2,484	2,411
Total District Program Revenues	365,441	270,639	424,595	334,196	316,048	305,643	310,582	250,049	338,521	331,451
Net (Expense)/Revenue										
Governmental Activities	(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)	(9,022,690)
Business-type Activities	(368)	(691)	661	994	(1,827)	754	(1,019)	375	3,447	2,332
Total District-wide Net Expense	(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)	(9,020,358)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	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	6,420,305
Taxes Levied for Debt Service	133,279	128,470	141,754	142,009	127,242	138,636	134,943	131,083	123,635	116,163
Unrestricted/Restricted Federal and State Aid	696,764	564,555	557,971	826,949	753,768	1,363,553	1,702,520	2,191,091	2,342,460	2,172,229
Tuition	9,784	6,304	9,860	3,240	2,411	99,289	99,289	123,525	151,647	138,281
Miscellaneous Income	94,521	78,624	65,504	36,257	130,963	126,986	26,085	99,958	56,796	165,886
Transfers										
Total Governmental Activities	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	9,012,864
Business-type Activities:										
Miscellaneous Income										
Transfers										
Total Business-type Activities										
Total District-wide	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	9,012,864
Change in Net Position										
Governmental Activities	151,360	118,585	113,683	117,697	(175,204)	(239,440)	48,511	(79,798)	(59,725)	(9,826)
Business-type Activities	(368)	(691)	661	994	(1,827)	754	(1,019)	375	3,447	2,332
Total District	150,992	117,894	114,344	118,691	(177,031)	(238,686)	47,492	(79,423)	(56,278)	(7,494)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	2,850,716									
Unreserved	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	1,859,819
Committed		111,125	110,433							
Assigned		5,284	43,138	321,315	618,760	264,451	103,019	258,373	249,746	193,532
Unassigned		293,138	183,995	312,847	306,160	349,697	305,847	296,194	370,193	442,135
Total General fund	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	2,495,486
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									
Debt Service	13,110									
Total Other Governmental Funds	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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	5,956,825	6,097,605	6,036,207	6,036,462	6,080,659	6,211,100	6,388,856	6,510,074	6,486,679	6,536,468
Other Local Revenue	105,208	124,063	107,558	77,881	133,374	126,986	125,374	223,483	208,443	304,167
State Sources	848,247	665,966	680,764	980,410	920,963	1,017,438	1,222,531	1,094,595	1,322,438	1,443,399
Federal Sources	207,798	124,062	262,308	136,566	143,906	133,059	146,058	96,630	137,766	245,231
Total Revenues	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	8,529,265
Expenditures										
Instruction:										
Regular	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	1,733,509
Special	273,298	276,146	251,379	308,207	569,875	570,168	517,204	455,714	455,661	696,823
Other Special Instruction	46,519	78,181	82,749	145,392	68,236	67,903	71,046	71,802	84,680	60,046
Support Services:										
Instruction - Tuition	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	1,740,896
Student Related Services	1,023,734	983,496	1,084,730	1,040,772	1,132,302	1,090,409	911,439	947,424	1,004,188	882,153
General Administration	161,833	144,245	275,002	182,773	156,136	153,494	167,754	151,317	199,425	193,933
School Administration	83,318	87,426	69,772	76,368	86,258	77,832	75,401	78,666	81,527	85,252
Central Services & Admin. Info. Technology	140,682	146,940	144,141	152,006	153,619	147,657	138,969	154,123	174,815	129,372
Operations and Maintenance	660,148	431,593	464,530	531,874	514,555	605,381	493,465	590,191	450,209	541,092
Student Transportation	264,900	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,654	514,386
Cancellation of Prior Year Receivables										
Employee Benefits	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	1,760,982
Capital Outlay		8,199	25,571	102,603	110,034	398,802	39,470	55,449	71,019	122,007
Summer Support Services							28,818	31,477	16,108	20,794
Debt Service:	286,357									
Principal	145,000	150,000	155,000	160,000	165,000	165,000	165,000	165,000	160,000	155,000
Interest and Other Charges	62,088	54,513	50,013	45,363	40,563	35,407	30,044	24,475	18,700	12,900
Total Governmental Fund Expenditures	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	8,649,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)	(119,880)
Other Financing Sources (Uses)										
Operating Transfers In				14,966						
Operating Transfers Out				(14,966)						
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	(69,629)	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)	(119,880)
Debt Service as a percentage of noncapital expenditures	2.88%	2.98%	2.94%	2.90%	2.75%	2.61%	2.50%	2.40%	2.19%	1.97%

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

Fiscal Year Ended June 30,	Tuition	Interest Income	Miscellaneous	Total
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
2019	138,281	35,169	130,717	304,167

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		Total Direct School Tax Rate
									Actual (County Equalized) Value	Value	
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	
2019	97,420,500	3,836,204,800	161,718,500	883,300	0	4,096,227,100	0	4,096,227,100	4,137,547,520	0.158	

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

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

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

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

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

Borough of Spring Lake School District

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

Assessment Year	Basic Rate ^a	General Obligation		Local School District	Overlapping Rates		Total Direct and overlapping Tax Rate
		Debt Service ^b			Municipality	County	
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
2018	0.156	0.002		0.158	0.191	0.278	0.627

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		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2019	6,536,468	6,001,438	91.81%	535,030

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

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

Borough of Spring Lake School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business-Type		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases					
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
2019	155,000				11,023			166,023	Not Available	57

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		
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
2019	155,000		155,000	0.00%	53

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, 2019
Unaudited**

<u>Borough of Spring Lake</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Borough of Spring Lake 12/31/2018	\$ 2,654,217	100.000%	\$ 2,654,217
Monmouth County General Obligation Net Debt 12/31/2018	485,117,930	3.373%	16,364,142
			<hr/>
Subtotal, overlapping debt			19,018,359
Spring Lake School District Direct Debt			<hr/>
			155,000
Total direct and overlapping debt			<hr/> <hr/>
			\$ 19,173,359

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 2019

	Equalized valuation basis
2018	\$ 4,282,516,571
2017	\$ 4,105,113,967
2016	\$ 3,871,548,762
[A]	<u>\$ 12,259,179,300</u>
Average equalized valuation of taxable property	[A/3] \$ 4,086,393,100
Debt limit (3 % of average equalization value)	[B] 122,591,793 ^a
Total Net Debt Applicable to Limit	[C] 155,000
Legal debt margin	[B-C] \$ 122,436,793

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Borough of Spring Lake:										
Debt limit	\$ 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	\$ 122,591,793
Total net debt applicable to limit	<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>	<u>155,000</u>
Legal debt margin	<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>	<u>\$ 122,436,793</u>
Total net debt applicable to the limit as a percentage of debt limit	1.27%	1.13%	1.04%	0.94%	0.85%	0.72%	0.47%	0.43%	0.27%	0.13%

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 N.J.S.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)
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
2019	2,925	Not Available	Not Available	3.10

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 2009-2018.
 - (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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	20.00	20.00	23.00	23.00	22.00	22.60	22.00	22.00	22.00	28.00
Special Education	3.00	3.00	3.00	5.00	5.00	4.00	3.00	3.00	3.00	4.50
Other Special Instruction	4.50	4.50	5.00	2.00	4.00	3.20	3.00	3.00	3.00	3.20
Other Instruction				2.00	2.00	1.00	2.00	2.00	2.00	1.00
Support Services:										
Student & Instruction Related Services	6.00	7.00	7.00	7.00	7.00	8.80	3.50	3.50	3.50	5.50
Other Support Services						1.50	2.00	2.00	2.00	4.00
School Administrative Services	0.70	0.70	0.70	0.70	0.70	2.00	2.50	2.50	2.50	0.77
General Administrative Services	0.70	0.70	0.70	0.70	0.70	3.50	3.30	3.30	3.30	0.73
Central Services & Admin. Info. Technology	1.60	1.60	1.60	1.60	1.60	1.25	1.00	1.00	1.00	2.60
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	4.00	3.50	3.00	3.00	3.00	4.00
Pupil Transportation	0.20	0.20	0.20	0.20	0.20	0.25	0.20	0.20	0.20	0.20
Total	40.70	41.70	45.20	46.20	47.20	51.60	45.50	45.50	45.50	54.50

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Mounzt Enrollment (a)	Total Enrollment (b)	Total Spending (b)	Cost Per Pupil (b)	Percentage Change	Teaching Staff (c)	HW Mounzt Teacher/Student	Average Daily Enrollment (d)	Average Daily Attendance (d)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	260.0	8,080,065	31,063	4.79%	N/A	N/A	194.1	185.9	-8.87%	95.79%
2019	176.0	203.5	N/A	N/A	N/A	N/A	N/A	174.4	166.7	-11.77%	95.58%

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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	267	274	269	269	244	213	207	196	196	176
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, 2019
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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
H W Mountz School	N/A	83,099	69,145	163,771	100,635	192,608	137,843	137,909	98,616	107,335	294,419
Total School Facilities		83,099	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, 2019
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	3,126,414	N/A
Covered Payrolls - Non-Professional	157,026	N/A
Bodily Injury	2,000,000	N/A
Bond		
Business Administrator Bond	200,000	0
Treasurer Bond	N/A	N/A
Student Accident		
Medical Expense Benefit, Excess	5,000,000	25,000
Accidental Death	10,000	
Medical, Max Benefit	500,000	
Dental, Max Benefit	50,000	
Flood		
Building	10,000	1,000
Contents	10,000	1,000

Source: District Records

SINGLE AUDIT SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Spring Lake School District, in the County of Monmouth, New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 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. We did identify a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as Finding 2019-1 that we considered a significant deficiency in internal control over financial reporting.

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 November 25, 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

November 25, 2019

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY STATE OF
NEW JERSEY 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 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 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 state programs for the year ended June 30, 2019. The Borough of Spring Lake Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its 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 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; and State of

New Jersey OMB Circular 15-08. Those standards and State of New Jersey 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 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 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 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 state programs for the year ended June 30, 2019.

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 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 state program and to test and report on internal control over compliance in accordance with State of New Jersey 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 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 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 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.

Honorable President and
Members of the Board of Education

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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 State of New Jersey 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

November 25, 2019

Borough of Spring Lakes School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2019

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, 2018	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019	
												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	H027A180100	F7498019	131,597	7/1/2018 6/30/2019	(17,202)		116,403	(131,597)			(15,194)	
L.D.E.A. Part B, Basic Regular	84-027	H027A170100	F7498018	108,254	7/1/2017 6/30/2018			17,202					
L.D.E.A. Part B, Preschool	84-173	H173A180114	PS498019	7,782	7/1/2018 6/30/2019				(7,782)			(7,782)	
L.D.E.A. Part B, Preschool, Carryover	84-173	H173A150114	PS498010	4,135	9/1/2009 8/31/2010	432							432
Total						(16,770)		133,605	(139,379)			(22,976)	432
Title I, Part A	84-010A	S010A180030	NCLB498019	80,213	7/1/2018 6/30/2019			50,932	(76,481)			(25,549)	
Title I, Part A	84-010A	S010A170030	NCLB498018	19,284	7/1/2017 6/30/2018	(19,284)		19,284					
Title II, Part A Improving Teacher Quality	84-567A	S567A180029	NCLB498019	18,221	7/1/2018 6/30/2019			10,501	(12,778)			(2,277)	
Title II, Part A Improving Teacher Quality	84-567A	S567A170029	NCLB498018	16,226	7/1/2017 6/30/2018	(6,821)		6,821					
Title IV	84-424	S424A180031	NCLB498019	16,593	7/1/2018 6/30/2019	(3,407)		7,651	(16,593)			(8,942)	
Title IV	84-424	S424A170031	NCLB498018	3,407	7/1/2017 6/30/2018	750						(3,407)	750
Title V	84-298A	n/a	NCLB498009		9/1/2008 8/31/2009								
Total Special Revenue Fund						(45,532)		228,794	(245,231)			(63,151)	1,182
Total Federal Financial Awards						(45,532)		228,794	(245,231)			(63,151)	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, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018			Balance at June 30, 2019			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	19-495-034-5120-089	171,002	7/1/2018	6/30/2019				171,002	(171,002)				\$17,033	\$171,002	
Security Aid	19-495-034-5120-084	5,059	7/1/2018	6/30/2019				5,059	(5,059)				\$504	5,059	
State Aid-Public Cluster															
Transportation Aid	19-495-034-5120-014	57,263	7/1/2018	6/30/2019				57,263	(57,263)				\$5,704	57,263	
Extraordinary Aid	19-495-034-5120-044	208,519	7/1/2018	6/30/2019				131,368	(208,519)					208,519	
Extraordinary Aid	18-495-034-5120-044	131,368	7/1/2017	6/30/2018			(131,368)							131,368	
Non-Public Transportation Aid	19-495-034-5120-014	6,857	7/1/2018	6/30/2019				8,858	(6,857)					6,857	
Non-Public Transportation Aid	18-495-034-5120-014	8,858	7/1/2017	6/30/2018			(8,858)							8,858	
On-Behalf Non-Contributory Insurance	19-495-034-5120-004	8,151	7/1/2018	6/30/2019				8,151	(8,151)					8,151	
On-Behalf Teacher's Pension and Annuity Fund	19-495-034-5094-002	389,389	7/1/2018	6/30/2019				389,389	(389,389)					389,389	
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-002	180,323	7/1/2018	6/30/2019				386	(180,323)					180,323	
On-Behalf TPAF Long-Term Disability Contributions	19-495-034-5094-001	386	7/1/2018	6/30/2019				183,746	(386)					386	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	197,275	7/1/2018	6/30/2019				8,391	(197,275)					197,275	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	168,476	7/1/2017	6/30/2018			(8,391)							168,476	
Total General Fund															
							(148,617)	1,143,936	(1,224,224)				(228,905)	23,241	1,532,926
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	19-100-034-5120-064	16,768	7/1/2018	6/30/2019				16,768	(16,768)					16,768	
Textbook Aid	18-100-034-5120-064	19,721	7/1/2017	6/30/2018				31,980	(31,980)					18,643	
Auxiliary Services (Chapter 192)	19-100-034-5120-067	31,980	7/1/2018	6/30/2019				54	(54)					31,980	
Auxiliary Services (Chapter 192)	18-100-034-5120-067	30,119	7/1/2017	6/30/2018				55,606	(44,629)					30,065	
Nonpublic Handicapped Aid (Chapter 193)	19-100-034-5120-066	65,800	7/1/2017	6/30/2018				6,454	(6,454)					44,629	
Nonpublic Handicapped Aid (Chapter 193)	18-100-034-5120-066	65,800	7/1/2017	6/30/2018				30,458	(30,458)					59,346	
Nursing Services Aid	19-100-034-5120-070	30,458	7/1/2018	6/30/2019				47,100	(35,467)					30,458	
Nursing Services Aid	19-100-034-5120-009	47,100	7/1/2017	6/30/2018				11,304	(493)					26,507	
Security Aid	18-100-034-5120-509	27,000	7/1/2017	6/30/2018				1,117	(1,117)					27,000	
Security Aid	19-100-034-5120-509	27,000	7/1/2018	6/30/2019				983						26,507	
Technology Initiative	19-100-034-5120-373	11,304	7/1/2018	6/30/2019				983						10,734	
Technology Initiative	18-100-034-5120-373	13,320	7/1/2017	6/30/2018				983						12,203	
Character Education Aid	04-495-034-5120-053	4,000	7/1/2003	6/30/2004											
Total Special Revenue Fund															
							(148,617)	1,932,116	(1,710,136)				(9,796)	23,080	316,300
Debt Service Fund															
Debt Service Aid	19-495-034-5120-017	51,737	7/1/2017	6/30/2018				51,737	(51,737)					51,737	
Total															
							(147,634)	1,388,889	(1,446,097)				(9,796)	23,241	1,900,963
Less On-Behalf TPAF Pension and Annuity Aid															
On-Behalf Non-Contributory Insurance	19-495-034-5094-004	8,151	7/1/2018	6/30/2019				8,151	(8,151)					8,151	
On-Behalf Teacher's Pension and Annuity Fund	19-495-034-5094-002	389,389	7/1/2018	6/30/2019				389,389	(389,389)					389,389	
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	180,323	7/1/2018	6/30/2019				386	(180,323)					180,323	
On-Behalf TPAF Long-Term Disability Contributions	19-495-034-5094-001	386	7/1/2018	6/30/2019				578,249	(386)					386	
Total State Financial Assistance															
							(147,634)	\$ 810,640	\$(867,848)				(9,796)	\$ 23,241	\$ 1,322,714

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 \$(3,208) 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	\$	\$1,221,526	\$1,221,526
Special Revenue Fund	245,231	170,136	415,367
Debt Service Fund		<u>51,737</u>	<u>51,737</u>
Total Financial Awards	<u>\$245,231</u>	<u>\$1,443,399</u>	<u>\$1,688,630</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, 2019. 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, 2019.

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>	\$76,481
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	12,778
Title IV, <i>Student Support and Academic Enrichment</i>	<u>16,593</u>
Total	<u>\$105,852</u>

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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? X yes none reported

Noncompliance material to basic financial
statements noted? yes X no

Federal Awards

Not Applicable

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(continued)**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

	<u>State Aid Public Cluster:</u>
<u>19-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section II - Financial Statement Findings

Finding 2019-01:

Conditions:

The Board Secretary's report for the Special Revenue Fund is not being reconciled to the general ledger subsidiary ledgers.

Criteria:

All subsidiary ledgers should be remitted to the Special Revenue Fund Board Secretary's report.

Cause:

The Board's Special Revenue Fund had to be analyzed in order to reflect the proper amounts in the CAFR.

Effect:

Incorrect balances were reflected in the Special Revenue Fund Board Secretary's report.

Recommendation:

That the Board Secretary's Special Revenue Fund accounts be reconciled monthly to the Special Revenue Fund subsidiary ledgers.

Board's Response:

The Board Secretary will reconcile the Special Revenue Fund to the subsidiary ledgers on a monthly basis.

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, 2019**

Status of Prior Year Findings

Finding 2019-01 is a repeat prior year finding.