

**SCHOOL DISTRICT OF THE
BOROUGH OF SPRING LAKE
COUNTY OF MONMOUTH, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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

OUTLINE OF CAFR

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INTRODUCTORY SECTION



Spring Lake Board of Education

HW Mountz School
411 Tuttle Ave.
Spring Lake, NJ 07760
(732)449-6380

www.HWMountz.K12.NJ.US

Stephen V. LaValva, EdD
Principal/Acting Superintendent

Joanette Femia
Interim SBA/Board Secretary

December 30, 2020

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Spring Lake School District (District) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the Presentation, including all disclosures, rests with the Management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this Report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's Organizational chart and a list of principal officials. The Financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provision of the Single Audit Act Amendments of 1996 and by Title II U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance"), "Audits of States, Local governments and Non-Profits Organizations", and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid payments.". Information related to this Single Audit, including the auditor's report on the internal control structure and

compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The students attend Manasquan High School for grades 9-12 with tuition, special education and transportation as expenses to the District Budget. The District resident enrollment on October 15, 2019 (2020-21 Aid) as reported in the Annual Application for State School Aid (ASSA) was 199, which is a decrease of 38 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>
2019	199	(2.21%)
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%

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 2019-2020 Budget contained funding for increased special education services, increased professional development, curriculum development, materials and resources for instructional improvements, and capital improvements to HVAC systems, the main entrance for safety as well as classroom improvements/enhancements.

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 ninth year of anti-bullying strategies in all grades. All Program initiatives and enhancements have been closely correlated with the New Jersey Student Learning Standards.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. DEBT ADMINISTRATION:

At June 30, 2020, the District had no outstanding school bonds and \$ 26,929. In Capital leases for two (2) copiers.

8. CASH MANAGEMENT:

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

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkotz & Company LLC was appointed by the Spring Lake Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendment of 1996 and by Title II U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (commonly called "Uniform Guidance") The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in

the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS:

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

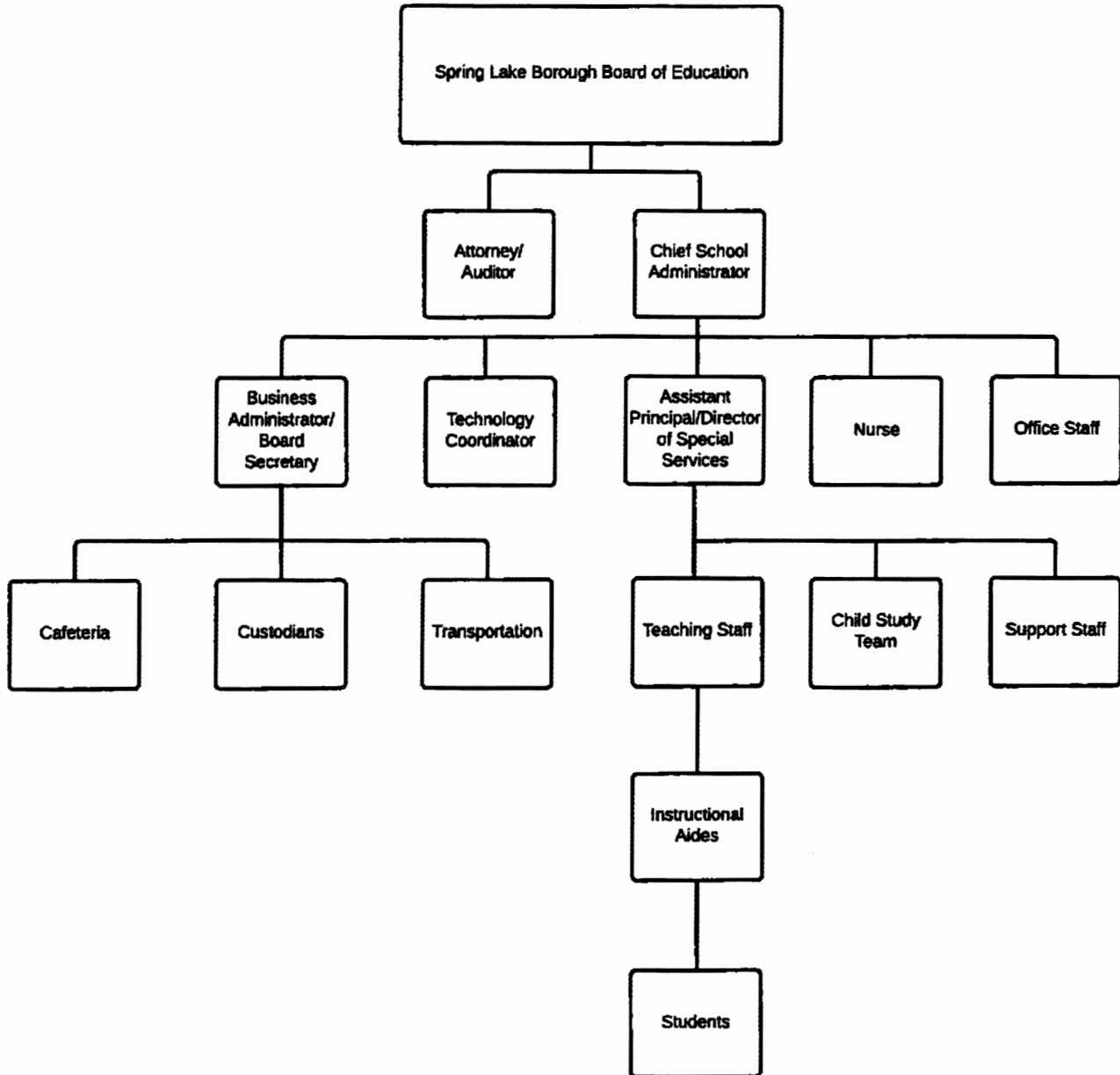
Respectfully submitted,

Dr. Stephen LaValva

Dr. Stephen LaValva
Superintendent/Principal

SPRING LAKE BOROUGH BOARD OF EDUCATION

Organizational Chart



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

ROSTER OF OFFICIALS

JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Began</u>	<u>Term Expires</u>
James Worth, President	2020	2022
Noelle Giblin, Vice President	2019	2021
John Clark	2020	2022
Karen Matuch	2019	2021
Mike Moran	2020	2020

Other Officials

Dr. Stephen LaValva, Superintendent

Joanette Femia, Interim School Business Administrator / Board Secretary

Panda LLC, Reconciler of School Monies

Sciarrillo Cornell Merlino, McKeever & Osborne, LLC., Attorney

SPRING LAKE BOROUGH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Audit Firm

Wielkocz & Company LLC
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
PO Box 5994
Boston, MA 02206-5994

TD Bank
555 Warren Avenue
Spring Lake Heights, NJ 07762

FINANCIAL SECTION



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkutz, CPA, RMA, PSA
Matthew B. Wielkutz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
James J. Cerullo, CPA, RMA, PSA
Thomas M. Ferry, CPA, RMA, PSA

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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, 2020, 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, 2020, 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 and schedules related to accounting and reporting for pensions, and other postemployment benefits 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 December 30, 2020 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

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 30, 2020

**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, 2020**

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, 2020. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$9,445. Net position of governmental activities increased \$3,510 while net position of business-type activity increased by \$5,935.
- General revenues accounted for \$8,661,662 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 \$318,564 or 3.55 percent of total revenues of \$8,980,226.
- The School District had \$8,959,251 in expenses related to governmental activities; only \$301,099 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$8,661,662 were not adequate to provide for these programs.

USING THIS ANNUAL REPORT

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

District-Wide Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020
(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, 2020
(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 \$2,751,278 at June 30, 2020. Of this amount, \$(1,367,026) 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current and Other Assets	2,426,929	3,074,966	14,051	7,743	2,440,980	3,082,709
Capital Assets	<u>2,164,643</u>	<u>2,272,971</u>	<u>175</u>	<u>548</u>	<u>2,164,818</u>	<u>2,273,519</u>
Total Assets	<u>4,591,572</u>	<u>5,347,937</u>	<u>14,226</u>	<u>8,291</u>	<u>4,605,798</u>	<u>5,356,228</u>
Deferred Outflow of						
Resources	<u>377,071</u>	<u>44,290</u>	<u>—</u>	<u>—</u>	<u>377,071</u>	<u>44,290</u>
Liabilities						
Current Liabilities	280,437	817,023			280,437	817,023
Noncurrent Liabilities	<u>1,486,811</u>	<u>1,518,598</u>	<u>—</u>	<u>—</u>	<u>1,486,811</u>	<u>1,518,598</u>
Total Liabilities	<u>1,767,248</u>	<u>2,335,621</u>	<u>—</u>	<u>—</u>	<u>1,767,248</u>	<u>2,335,621</u>
Deferred inflows of						
Resources	<u>673,638</u>	<u>721,674</u>	<u>—</u>	<u>—</u>	<u>673,638</u>	<u>721,674</u>
Net Position						
Invested in Capital Assets-						
Net of Debt	2,164,643	2,106,948	175	548	2,164,818	2,107,496
Restricted	1,744,191	2,053,351			1,744,191	2,053,351
Unrestricted	<u>(1,381,077)</u>	<u>(1,426,757)</u>	<u>14,051</u>	<u>7,743</u>	<u>(1,367,026)</u>	<u>(1,419,014)</u>
Total Net Position	<u>2,527,757</u>	<u>2,733,542</u>	<u>14,226</u>	<u>8,291</u>	<u>2,541,983</u>	<u>2,741,833</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2020 compared to 2019.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			17,465	30,759	17,465	30,759
Operating Grants and Contributions	301,099	300,692			301,099	300,692
General Revenues:						
Taxes:						
Property taxes, levied for:						
General purposes	6,548,711	6,420,305			6,548,711	6,420,305
Debt Service	111,528	116,163			111,528	116,163
Federal and State Aid	1,762,151	2,172,229			1,762,151	2,172,229
Miscellaneous Income	<u>239,272</u>	<u>304,167</u>	<u> </u>	<u> </u>	<u>239,272</u>	<u>304,167</u>
Total Revenues and Transfers	<u>8,962,761</u>	<u>9,313,556</u>	<u>17,465</u>	<u>30,759</u>	<u>8,980,226</u>	<u>9,344,315</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Functions/Program Expenses						
Instruction:						
Regular	1,613,132	1,730,369			1,613,132	1,730,369
Special Education	710,212	696,823			710,212	696,823
Other Instruction	63,854	60,046			63,854	60,046
Support Services:						
Tuition	1,958,570	1,740,896			1,958,570	1,740,896
Student & Instruction						
Related Services	890,056	882,153			890,056	882,153
School Administrative						
Services	73,063	85,252			73,063	85,252
General Administrative						
Services	244,863	185,980			244,863	185,980
Central Services and Admin.	126,399	120,164			126,399	120,164
Admin. Info. Technology	9,544	9,208			9,544	9,208
Plant Operations and						
Maintenance	612,035	541,092			612,035	541,092
Special Ed Support Services	61,338				61,338	
Pupil Transportation	406,497	514,386			406,497	514,386
Summer Support Services	23,536	20,794			23,536	20,794
Unallocated Benefits	1,953,481	2,525,054			1,953,481	2,525,054
Capital Outlay - Non-						
Depreciable	9,932	9,932			9,932	9,932
Interest on Long-Term Debt	4,392	10,945			4,392	10,945
Unallocated depreciation	198,347	190,288			198,347	190,288
Food Service			2,125	3,070	2,125	3,070
After School Program			9,405	25,357	9,405	25,357
Total Expenses	<u>8,959,251</u>	<u>9,323,382</u>	<u>11,530</u>	<u>28,427</u>	<u>8,970,781</u>	<u>9,351,809</u>
Increase or (Decrease) in						
Net Position	<u>3,510</u>	<u>(9,826)</u>	<u>5,935</u>	<u>2,332</u>	<u>9,445</u>	<u>(7,494)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$8,970,781. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was \$6,660,239 because some of the cost was paid by those who benefitted from the programs \$17,465 by other governments and organizations who subsidized certain programs with grants and contributions \$2,063,250, and by miscellaneous sources \$239,272.

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 \$20.
- ✓ Charges for services provided totaled \$17,464. 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, 2020, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund and post retirement medical benefits and TPAF social security reimbursements, is neither a revenue item nor an expenditures item to the District but is required to be reflected in the governmental funds financial statements.
- The special revenue fund was decreased by \$49,842 for a decrease in federal state grant awards.

General Fund

The general fund actual revenue was \$8,067,551. That amount is \$1,085,797 above the final amended budget of \$6,981,754. The variance between the actual revenues and final budget was largely the result of non-budgeted on-behalf payments of \$855,665 for TPAF social security reimbursements and on-behalf pension and post retirement medical benefits payments and a \$37,533 excess in tuition and miscellaneous anticipated revenues and \$192,599 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, 2020
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund, (continued)

The actual expenditures of the general fund were \$8,342,153 which is \$342,121 above the final amended budget of \$8,000,032. 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 \$855,665 and \$513,544 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$301,099. That amount is less than the original budget estimate of \$350,941 and equal to the final amended budget of \$301,099.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020 the School District had \$6,759,411 invested in sites, buildings and equipment. Of this amount, \$4,594,593 in depreciation has been taken over the years. We currently have a net book value of \$2,164,818. Total additions for the year were \$90,019. Total depreciation for the year was \$198,720. Table 3 shows fiscal year 2020 balances compared to 2019.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land Improvements	492,117	492,117			492,117	492,117
Buildings and Improvements	1,363,571	1,491,759			1,363,571	1,491,759
Furniture, Equipment and Vehicles	<u>308,955</u>	<u>289,095</u>	<u>175</u>	<u>548</u>	<u>309,130</u>	<u>289,643</u>
	<u>2,164,643</u>	<u>2,272,971</u>	<u>175</u>	<u>548</u>	<u>2,164,818</u>	<u>2,273,519</u>

Debt Administration

At June 30, 2020, the District had \$1,489,881 of outstanding debt. Of this amount, \$106,600 is for compensated absences; \$0 of serial bonds for school construction; \$1,380,211 for the net pension obligation for PERS and \$3,070 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, 2020
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Many factors were considered by the District during the process of developing the 2020-2021 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. Joannette Femia,
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, 2020**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	564,470	14,051	578,521
Receivables, net	776,882		776,882
Restricted assets:			
Cash and cash equivalents	1,085,577		1,085,577
Land	492,117		492,117
Other Capital Assets, net	1,672,526	175	1,672,701
Total Assets	<u>4,591,572</u>	<u>14,226</u>	<u>4,605,798</u>
 Deferred outflow of resources	 <u>377,071</u>		 <u>377,071</u>
LIABILITIES			
Accounts payable	175,270		175,270
Payable to federal and state government	49,002		49,002
Deferred revenue	53,095		53,095
Noncurrent liabilities:			-
Due within one year	3,070		3,070
Due beyond one year	1,486,811		1,486,811
Total liabilities	<u>1,767,248</u>	<u>-</u>	<u>1,767,248</u>
 Deferred inflow of resources	 <u>673,638</u>		 <u>673,638</u>
NET POSITION			
Invested in capital assets, net of related debt	2,164,643	175	2,164,818
Restricted for:			
Other Purposes	1,744,191		1,744,191
Unrestricted	(1,381,077)	14,051	(1,367,026)
Total net position	<u>2,527,757</u>	<u>14,226</u>	<u>2,541,983</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, 2020

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:							
Instruction:							
Regular	1,613,132					(1,613,132)	
Special education	710,212		239,761			(470,451)	
Other instruction	63,854					(63,854)	
Support services:							
Tuition	1,958,570					(1,958,570)	
Student & instruction related services	890,056					(890,056)	
School administrative services	73,063					(73,063)	
General administrative services	244,863					(244,863)	
Central Services	126,399					(126,399)	
Admin. Info. Technology	9,544					(9,544)	
Plant operations and maintenance	61,338		61,338			-	
Special Education Support Services	406,497					(406,497)	
Pupil transportation	2,162,776					(2,162,776)	
Employee Benefits	9,932					(9,932)	
Capital outlay-undepreciable	23,536					(23,536)	
Summer Support Services	4,392					(4,392)	
Interest on long-term debt	198,347					(198,347)	
Unallocated depreciation	9,168,546		301,099			(8,867,447)	
Total governmental activities							(8,867,447)
Business-type activities:							
Food Service	2,125					20	
After School Program	9,405					5,915	
Total business-type activities	11,530					5,935	
Total primary government	9,180,076		301,099			(8,867,447)	(8,861,512)
General revenues:							
Property Taxes Levied for:							
General Purposes						6,548,711	
Debt Service						111,528	
Federal and State aid not restricted						1,712,479	
State aid restricted						49,672	
Tuition						106,987	
Miscellaneous Income						132,285	
Total general revenues, special items, extraordinary items and transfers						8,661,662	
Change in Net Position						(205,785)	
Net Position—beginning							2,741,833
Net Position—ending							2,541,983

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	462,582	102,188	(300)	564,470
Receivables from Other Governments	754,223	22,359	300	776,882
Restricted Cash and Cash Equivalents	1,085,577			1,085,577
Total Assets	<u>2,302,382</u>	<u>124,547</u>	<u></u>	<u>2,426,929</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	82,120	22,450		104,570
Payable to State Government		49,002		49,002
Deferred Revenue		53,095		53,095
Total Liabilities	<u>82,120</u>	<u>124,547</u>	<u></u>	<u>206,667</u>
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	250,859			250,859
Excess Surplus-prior year-Designated for Subsequent Year's Expenditures	407,755			407,755
Emergency Reserve	67,592			67,592
Maintenance Reserve	249,977			249,977
Capital Reserve	768,008			768,008
Debt Service				
Assigned to:				
Year end encumbrances	50,458			50,458
Designated for Subsequent Year's Expenditures	6,877			6,877
Unassigned:				
General Fund	418,736			418,736
Total Fund Balances	<u>2,220,262</u>	<u></u>	<u></u>	<u>2,220,262</u>
Total Liabilities and Fund Balances	<u>2,302,382</u>	<u>124,547</u>	<u></u>	<u></u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,749,499 and the accumulated depreciation is \$4,584,856.	2,164,643
Deferred outflow of resources	377,071
Deferred inflow of resources	(673,638)
Accounts payable for PERS payment subsequent to the measurement date.	(70,700)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,489,881)</u>
Net position of governmental activities	<u>2,527,757</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, 2020

	<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	6,548,711		111,528	6,660,239
Tuition	106,987			106,987
Miscellaneous	124,046	8,239		132,285
Total - Local Sources	<u>6,779,744</u>	<u>8,239</u>	<u>111,528</u>	<u>6,899,511</u>
State Sources	1,287,185	158,591	49,672	1,495,448
Federal Sources		134,269		134,269
Total Revenues	<u>8,066,929</u>	<u>301,099</u>	<u>161,200</u>	<u>8,529,228</u>
EXPENDITURES				
Current:				
Regular Instruction	1,609,597			1,609,597
Special Education Instruction	470,451	239,761		710,212
Other Instruction	63,854	-		63,854
Support Services and Undistributed Costs:				
Tuition	1,958,570	-		1,958,570
Student & Instruction Related Services	890,056			890,056
General Administrative Services	252,816	-		252,816
School Administrative Services	73,063	-		73,063
Central Services	126,399	-		126,399
Admin. Info. Technology	9,544	-		9,544
Plant Operations and Maintenance	612,035	-		612,035
Special Education Support Services		61,338		61,338
Pupil Transportation	406,497			406,497
Employee Benefits	1,770,439	-		1,770,439
Debt Service:				
Principal			155,000	155,000
Interest and Other Charges			6,200	6,200
Capital Outlay	75,296	-		75,296
Summer Support Services	23,536			23,536
Total Expenditures	<u>8,342,153</u>	<u>301,099</u>	<u>161,200</u>	<u>8,804,452</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(275,224)</u>	<u>-</u>	<u>-</u>	<u>(275,224)</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				
	(275,224)	-	-	(275,224)
Fund Balance—July 1	2,495,486			2,495,486
Fund Balance—June 30	<u>2,220,262</u>	<u>-</u>	<u>-</u>	<u>2,220,262</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, 2020**

Total net change in fund balances - governmental funds (from B-2)		(275,224)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	(198,347)	
Depreciable Capital outlays	<u>65,364</u>	(132,983)
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:		
Bond Principal Payments		155,000
Capital Lease Principal Payments		7,953
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 (+).		
Increase in compensated absences payable		(3,535)
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.		
Prior Year Accrued Interest		1,808
Current Year Accrued Interest		0
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.		
District Pension Contributions	74,964	
Less: Pension Expense	<u>(33,768)</u>	
Decrease in Pension Expense		41,196
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		
Increase in On-behalf State Aid TPAF Pension	224,238	
Increase in On-behalf TPAF Pension Expense	<u>(224,238)</u>	0
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements		
Increase in On-behalf State Aid TPAF Medical	209,295	
Increase in On-behalf TPAF Medical Expense	<u>(209,295)</u>	-
Change in net assets of governmental activities		<u><u>(205,785)</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, 2020**

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,567	12,484	14,051
Total Current Assets	1,567	12,484	14,051
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	(9,737)		(9,737)
Total Capital Assets (Net of Accumulated Depreciation)	175	-	175
Total Assets	1,742	12,484	14,226
LIABILITIES			
Current Liabilities:			
Accounts Payable			-
Total Current Liabilities	-	-	-
NET ASSETS			
Invested in Capital Assets Net of Related Debt	175		175
Unrestricted	1,567	12,484	14,051
Total Net Position	1,742	12,484	14,226

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, 2020

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After School Program	Total Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales - Non - Reimbursable Programs	2,145		2,145
Tuition		15,320	15,320
Total Operating Revenues	2,145	15,320	17,465
 Operating Expenses:			
Cost of Sales	1,475		1,475
Miscellaneous Expenses	277	9,405	9,682
Depreciation Expense	373		373
Total Operating Expenses	2,125	9,405	11,530
Operating Income (Loss)	20	5,915	5,935
 Transfers In (Out)			-
Change in Net Position	20	5,915	5,935
Total Net Position—Beginning	1,722	6,569	8,291
Total Net Position—Ending	1,742	12,484	14,226

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, 2020**

	<u>Food Service Program</u>	<u>After School Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,145	15,320	17,465
Payments to Vendors	(1,752)	(9,405)	(11,157)
Net Cash Provided by (Used for) Operating Activities	<u>393</u>	<u>5,915</u>	<u>6,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	393	5,915	6,308
Balances—Beginning of Year	1,174	6,569	7,743
Balances—End of Year	<u>1,567</u>	<u>12,484</u>	<u>14,051</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	20	5,915	5,935
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Increase in Accounts Payable			-
Total Adjustments	<u>373</u>	<u>-</u>	<u>373</u>
Net Cash Provided by (Used for) Operating Activities	<u>393</u>	<u>5,915</u>	<u>6,308</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, 2020**

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	30,243	241	59,564
Due from Payroll Agency	13,473		
Total Assets	43,716	241	59,564
LIABILITIES			
Payable to Unemployment Trust			13,473
Payable to student groups			33,149
Payroll deductions and withholdings			12,942
Total Liabilities	-	-	59,564
NET POSITION			
Held in trust for unemployment claims and other purposes	43,716		
Reserved for Scholarships		241	

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, 2020**

	Unemployment Compensation Trust Fund	Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	\$ 5,075	
District Contribution	5,000	
Total Contributions	10,075	-
Investment earnings:		
Net investment earnings	151	2
Total additions	10,226	2
DEDUCTIONS		
Quarterly contribution reports	4,079	
Scholarships awarded		100
Total deductions	4,079	100
Change in net position	6,147	(98)
Net position - beginning of the year	37,569	339
Net position - end of the year	\$ 43,716	\$ 241

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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 made material supplemental budgetary appropriations during the fiscal year by appropriating an additional \$208,259 in extraordinary aid and \$120,806 of emergency reserve funds.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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, 2020**

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 2020, the District did not adopt any new GASB Statements.

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. This Statement was effective for reporting periods beginning after December 15, 2018. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020

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

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

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 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. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 92, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

GASB Statement No. 93, *Replacement of Interbank Offering Rates*. The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, Statement No. 87, *Leases*, as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. However; GASB Statement No. 95 postponed the implementation of this Statement by one year due to the COVID-19 pandemic.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

As of June 30, 2020, cash and cash equivalents of the Board consisted of the following:

Checking/Money Market Accounts	\$806,691
State of New Jersey Cash Management Fund	<u>947,455</u>
	<u>\$1,754,146</u>

During the period ended June 30, 2020, the Board did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$1,754,146 and the bank balance was \$2,203,100. 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, 2020, \$-0- of the Board's bank balance of \$2,203,100 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, 2020**

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, 2020, the District has \$947,455 on deposit with the New Jersey Cash Management Fund.

NOTE 3. RECEIVABLES:

Receivables at June 30, 2020, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Taxes receivable	\$546,026	\$	\$546,026
State Aid	216,795		216,795
Federal Aid	13,991		13,991
Other	<u>70</u>	<u> </u>	<u>70</u>
Gross receivables	776,882		776,882
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u>\$776,882</u>	<u>\$ </u>	<u>\$776,882</u>

NOTE 4. INTERFUND BALANCES AND TRANSFERS:

The District had no interfund balances as of June 30, 2020.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/20</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>800,205</u>	<u>90,019</u>	<u> </u>	<u>890,224</u>
Total Capital Assets, Being Depreciated	<u>6,167,363</u>	<u>90,019</u>	<u> </u>	<u>6,257,382</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,875,399)	(128,188)		(4,003,587)
Furniture, Equipment and Vehicles	<u>(511,110)</u>	<u>(70,159)</u>	<u> </u>	<u>(581,269)</u>
Total Accumulated Depreciation	<u>(4,386,509)</u>	<u>(198,347)</u>	<u> </u>	<u>(4,584,856)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,780,854</u>	<u>(108,328)</u>	<u> </u>	<u>1,672,526</u>
Governmental Activities Capital Assets, Net	<u>\$2,272,971</u>	<u>(\$108,328)</u>	<u>\$ </u>	<u>\$2,164,643</u>
	<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>

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, 2020**

NOTE 6. LONG-TERM DEBT OBLIGATIONS:

Changes in long-term obligations for the fiscal year ended June 30, 2020 are as follows:

	Balance 6/30/19	Issued	Retired	Balance 6/30/20	Due Within One Year
Compensated absences payable	\$103,065	\$3,535	\$	\$106,600	\$
Net Pension Obligation	1,412,463		32,252	1,380,211	
Bonds payable	155,000		155,000	0	
Capital Lease Payable	<u>11,023</u>	<u> </u>	<u>7,953</u>	<u>3,070</u>	<u>3,070</u>
	<u>\$1,681,551</u>	<u>\$3,535</u>	<u>\$195,205</u>	<u>\$1,489,881</u>	<u>\$3,070</u>

A. 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, 2020:

2021	<u>\$3,070</u>
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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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

Benefits Provided

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

The following represents the membership tiers for TPAF:

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.

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

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

Benefits Provided

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

The following represents the membership tiers for PERS:

<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.

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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

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

Contributions Requirements Fund Based Statements

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

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/20	\$74,964	\$6,888
6/30/19	71,355	4,731
6/30/18	73,662	5,206

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

Year	Pension	Post-Retirement	NCGI	Long-Term
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Disability</u>
<u>Ending</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Premium</u>	<u>Insurance</u>
6/30/20	\$483,763	\$182,684	\$8,671	\$443
6/30/19	389,389	180,323	8,151	386
6/30/18	342,345	226,040	8,292	664

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 \$180,104 during the year ended June 30, 2020 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

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

Public Employees Retirement System (PERS)

At June 30, 2020, the District had a liability of \$1,380,211 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .0076599757 percent, which was a decrease of .00717369 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$33,768. At June 30, 2020, 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	\$24,773	\$6,097
Changes of assumptions	137,819	479,067
Net difference between projected and actual earnings on pension plan investments		21,787
Changes in proportion and differences between District contributions and proportionate share of contributions	143,779	166,687
District contributions subsequent to the measurement date	<u>70,700</u>	<u> </u>
Total	<u>\$377,071</u>	<u>\$673,638</u>

The \$70,700 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, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:	
2020	\$(39,854)
2021	(129,286)
2022	(115,445)
2023	(54,207)
2024	(5,566)

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District s Proportion	.0076599757%	.00717369%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2019.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
District's proportionate share of the pension liability	\$1,755,560	\$1,380,211	\$1,081,620

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, 2020**

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, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>12,150,558</u>
	<u>\$12,150,558</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. 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, 2019, the proportion of the TPAF net pension liability associated with the District was .0197985518%.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$716,672 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% (based on years of service)
Thereafter	2.75%-5.65% (based on years of service)
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, 2020**

NOTE 7. PENSION PLANS: (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Health Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 7. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, 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 of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2019, the State paid PRM benefits for 153,893 State and local retirees.

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

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 2019, the State contributed \$1.908 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered retirees. The State’s “pay-as-you-go” contributions have remained consistent with Fiscal Year 2018 amounts. The Fiscal Year 2020 Appropriations Act includes \$1.612 billion as the State's contribution to fund “pay-as-you-go” PRM costs.

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. The Fiscal Year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in Fiscal Year 2018.

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, 2020 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>9,256,217</u>
	<u>\$9,256,217</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2019 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, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, 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, 2020**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) *Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

(b) *Discount Rate*

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2020, the board of education/board of trustees recognized on-behalf OPEB expense of \$391,979 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, 2020**

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, 2020, 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, 2020**

NOTE 11. RISK MANAGEMENT: (continued)

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

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

<u>Fiscal Year</u>	Employee Contributions/ Interest Earnings/ District <u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$10,226	\$4,079	\$43,716
2018-2019	11,206	17,718	37,569
2017-2018	5,249	6,683	44,081

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, 2020**

NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$518,008
Transfer by Resolution	<u>250,000</u>
Ending balance, June 30, 2020	<u>\$768,008</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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$188,398
Decreased by:	
Budgeted Withdrawal	<u>120,806</u>
Ending balance, June 30, 2020	<u>\$67,592</u>

**Borough of Spring Lake School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2020**

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	<u>\$249,977</u>
Ending balance, June 30, 2020	<u>\$249,977</u>

NOTE 15. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$2,220,262 General Fund fund balance at June 30, 2020, \$50,458 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; \$67,592 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); \$658,614 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$407,755 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021); \$768,008 has been reserved in the Capital Reserve Account; \$6,877 has been appropriated and included as anticipated revenue for the year ending June 30, 2021; and \$418,736 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2020 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, 2020 is \$658,614 of which \$250,859 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, 2020**

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:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Spring Lake. The Board has identified several risks as a result of this pandemic, including a possible delay in collection of District taxes and cash flow shortages as the result of these delayed collections. In addition, possible increase in expenditures related to the COVID-19 pandemic that will not be reimbursed by the Federal or State governments. The Board will continue to monitor the situation closely.

The District has evaluated subsequent events through December 30, 2020, 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, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	6,548,711		6,548,711	6,548,711		
Tuition	162,000		162,000	106,987	(55,013)	
Miscellaneous	31,500		31,500	124,046	92,546	
Total - Local Sources	6,742,211		6,742,211	6,779,744	37,533	
State Sources:						
Categorical Transportation Aid	57,263		57,263	57,263		
Categorical Security Aid	3,039		3,039	3,039		
Categorical Special Education Aid	177,221		177,221	177,221		
Extraordinary Aid				188,638	188,638	
Non-public Transportation Aid				3,961	3,961	
Other State Aid:						
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				483,765	483,765	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				182,684	182,684	
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				443	443	
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				8,671	8,671	
TPAF Social Security (Reimbursed - Non-Budgeted)				180,104	180,104	
Total - State Sources	239,543		239,543	1,287,807	1,048,264	
TOTAL REVENUES	6,981,754		6,981,754	8,067,551	1,085,797	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool Salaries of Teachers	75,120		75,120	74,555	565	
Kindergarten Salaries of Teachers	121,564	305	121,869	120,611	958	
Grades 1-5 Salaries of Teachers	721,549	50,049	771,598	748,536	32,362	
Grades 6-8 Salaries of Teachers	523,267	(592)	522,675	522,675		
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	17,130	744	17,874	17,874		
Purchased Technical Services	55,723	800	56,523	58,079	16,444	
Other Purchased Services (400-500 series)	122,290	(2,725)	119,565	27,399	6,766	
General Supplies	102,041	(17,476)	84,565	73,785	10,780	
Textbooks	5,000	4,525	9,525	1,717	7,808	
Other Objects	15,300	(5,114)	10,186	9,026	1,160	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,662,174	39,516	1,701,690	1,609,597	92,093	
Special Education Instruction - Resource Room/Resource Center						
Salaries of Teachers	328,199	58,678	386,877	383,531	3,346	
Other salaries for instruction	80,392	13,125	93,517	86,620	6,897	
Purchased Technical Services	500		500	300	200	
Other Purchased Services (400-500 series)						
General Supplies	1,530		1,530		1,530	
Other Objects	310	(180)	130		130	
Textbooks	2,040		2,040		2,040	
Total Resource Room/Resource Center	412,971	71,623	484,594	470,451	14,143	
TOTAL SPECIAL EDUCATION - INSTRUCTION	412,971	71,623	484,594	470,451	14,143	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Basic Skills/Remedial - Instruction						
Salaries of Teachers						
General Supplies						
Total Basic Skills/Remedial - Instruction						
School-Sponsored Curricular Activities - Instruction						
Salaries of Teachers	32,179	710	32,889	32,889		600
General Supplies	600		600			600
Total School-Sponsored Curricular Activities - Instruction	32,779	710	33,489	32,889		600
School-Sponsored Athletics - Instruction						
Salaries	20,050		20,050	20,050		
Purchased Services (300-500 series)	5,500	(710)	4,790	3,952		838
Supplies and Materials	5,500		5,500	4,990		510
Other Objects	4,000		4,000	1,973		2,027
Total School-Athletics - Instruction	35,050	(710)	34,340	30,965		3,375
Total Instructional Programs - Instruction	67,829		67,829	63,854		3,975
TOTAL INSTRUCTION	2,142,974	111,139	2,254,113	2,143,902		110,211

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	1,029,320	(15,300)	1,014,020	1,014,020		
Tuition to Other LEAs Within the State - Special	324,762	(16,953)	307,809	280,236	27,573	
Tuition to County Voc. School Dist. - Regular	67,850	(5,715)	61,335	61,335		
Tuition to County Voc. School Dist. - Special						
Tuition to Private Schools for the District - Within State	636,770	(19,921)	616,849	602,979	13,870	
Total Undistributed Expenditures - Instruction:	2,057,902	(57,889)	2,000,013	1,958,570	41,443	
Undist. Expend. - Attendance & Social Work						
Salaries	48,501	895	49,396	49,396		
Purchased Professional and Technical Services	600	(600)				
Supplies and Materials	1,000	(422)	578	578		578
Total Undist. Expend. - Attendance & Social Work	50,101	(127)	49,974	49,974		578
Undist. Expend. - Health Services						
Salaries	79,720	(960)	78,760	78,760		
Purchased Professional and Technical Services	4,420	(2,542)	1,878	1,878		
Other Purchased Services (400-500 series)	995	(209)	786	786		
Supplies and Materials	3,305	5,711	9,016	6,056	2,960	
Other Objects	250		250	209	41	
Total Undistributed Expenditures - Health Services	88,690	2,000	90,690	87,689	3,001	
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries	70,676	420	71,096	70,826	270	
Purchased Professional - Educational Services	30,000		30,000	23,569	3,663	
Supplies and Materials	925	(2,828)	27,172	25,569	3,663	
Other Objects	250		250	908	17	
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	101,851	(2,408)	99,443	95,303	4,140	
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.						
Salaries	83,000	(9,646)	73,354	68,547	4,807	
Purchased Professional - Educational Services	2,500	(2,247)	253	54	199	
Supplies and Materials						
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	85,500	(11,893)	73,607	68,601	5,006	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	241,337	(4,102)	237,135	181,799	55,336	
Salaries of Secretarial and Clerical Assistants	57,645	(48,994)	3,951		3,951	
Purchased Professional - Educational Services	2,000	(1,900)	100	43	57	
Other Purchased Prof. And Tech Services	1,350	(531)	960	550	410	
Supplies and Materials	4,000	(1,581)	2,419	2,220	199	
Other Objects	300		300		300	
Total Undist. Expend. - Other Supp. Serv. Students-Special	301,632	(56,938)	244,694	184,612	60,082	
Undist. Expend. - Improvement of Instructional Services						
Salaries of Supervisor of Instruction	122,004	13,842	135,846	135,846		
Salaries of Other Professional Staff	45,134	7,942	53,076	53,076		
Salaries of Secretarial and Clerical Assistants	3,500	(2,505)	995	995		
Other Purchased Services (400-500 series)	170,638	19,279	189,917	189,917		
Total Undist. Expend. - Improvement of Inst. Services						
Undist. Expend. - Educational Media Serv./Sch. Library						
Salaries	91,045	573	91,618	90,387	1,231	
Salaries of Technology Coordinators	83,511		83,511	83,252	279	
Purchased Professional - Technical Services	18,000	3,068	21,068	21,068		
Other Purchased Services (400-500 series)	5,000	(92)	4,908	4,908		
Supplies and Materials	5,000	705	5,705	5,329	376	
Other Objects	500	(500)				
Total Undist. Expend. - Educational Media Serv./Sch. Library	203,056	3,754	206,810	204,924	1,886	
Undist. Expend. - Instructional Staff Training Serv.						
Other Salaries	4,000	623	4,623	4,623		
Purchased Professional - Educational Services	1,000	(500)	500	500		
Other Purchased Prof. And Tech Services	8,818	(3,423)	5,395	4,959	436	
Other Purchased Services (400-500 series)	1,000	(636)	364	32	332	
Supplies and Materials						
Total Undist. Expend. - Instructional Staff Training Serv.	14,818	(3,936)	10,882	9,614	1,268	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Undist. Expend. - Supp. Serv. - General Administration						
Salaries	51,349	759	52,108	52,108		
Travel Services	22,000	7,545	29,545	28,783		
Audit Fees	15,500	3,262	16,762	16,762		762
Architectural/Engineering Services		8,497	8,497	8,497		
Other Purchased Professional Services	12,000	(4,320)	7,680	7,680		
Purchased Technical Services	3,000	840	3,840	3,840		
Communicatory Telephone	6,000	12,429	18,429	18,829		100
BOE Other Purchased Services	2,010	(1,510)	500	509		
Other Purchased Services (400-500 series)	2,000	(1,625)	375	375		
General Supplies	1,000	(157)	843	843		
Judgments Against the School District		110,684	110,684	110,684		
BOE Membership Dues and Fees	3,100	815	3,915	3,915		
Total Undist. Expend. - Supp. Serv. - General Administration	115,959	137,719	253,678	252,816		862
Undist. Expend. - Support Serv. - School Administration						
Salaries of Principals/Assistant Principals	39,250	21,666	60,916	60,916		
Salaries of Secretarial and Clerical Assistants	12,999	48	12,147	12,147		
Other Purchased Services (400-500 series)	1,200	(1,200)				
Supplies and Materials	1,000	(1,000)				
Other Objects	500	(500)				
Total Undist. Expend. - Support Serv. - School Administration	54,949	19,014	73,063	73,063		
Undistributed Expenditures-Central Services						
Salaries	104,600	18,328	122,928	122,928		
Misc. Pur Serv (400-500 series Other Resht Costs)	1,632	308	1,940	1,940		
Supplies and Materials	1,000	531	1,531	1,531		
Total Undistributed-Central Services	107,232	19,167	126,399	126,399		
Undistributed Expenditures-Admin. Info. Tech.						
Purchased Technical Services	8,635	1,831	10,466	9,544		922
Supplies and Materials	3,321	(3,321)				
Other Objects	250	(250)				
Total Undistributed Expenditures-Admin. Info. Tech.	12,206	(1,740)	10,466	9,544		922

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Undist. Expend. - Required Maint. for School Facilities						
Cleaning, Repair and Maintenance Services	74,000	(74,000)				
General Supplies	4,000	1,984	5,984	5,670	314	
Other Objects	1,250	(100)	1,150	725	425	
Required Maintenance Totals			130,125	127,125	3,002	
Undist. Expend. - Required Maint. for School Facilities	79,250	-58,009	137,250	133,518	3,741	
Undist. Expend. - Custodial Services						
Salaries	229,087	(20,024)	209,063	209,033		
Salaries of Non-Instructional Aides	13,456	(4,478)	10,978	10,978		
Cleaning, Repair and Maintenance Services	26,000	15,000	41,000	41,060		
Insurance	47,000	(5,725)	41,275	41,137	138	
Miscellaneous Purchased Services		23,987	23,987	23,986	1	
General Supplies	23,000	(2,325)	20,675	20,503	172	
Energy (Natural Gas)	37,000	(2,750)	34,250	27,769	6,481	
Energy (Electricity)	51,000	(12,942)	38,058	36,745	1,313	
Other Objects	1,000	28	1,028	1,020	8	
Other Undistributed Expenditures - Custodial Services						
Total Undist. Expend. - Other Oper. & Maint. Of Plant	429,813	(9,169)	420,644	412,231	8,113	
Undistributed Expenditures-Care & Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	25,500	17,989	43,489	43,489		
General Supplies	3,000	845	416	416	429	
Other Objects	225	225	214	214	11	
Undistributed Expenditures-Care & Upkeep of Grounds	28,725	18,834	44,559	44,119	440	
Undistributed Expenditures-Security						
Salaries	19,601	597	20,198	20,198		
Cleaning, Repair and Maintenance Services	1,000	(887)	113		113	
General Supplies	700	969	1,969	1,969		
Other Objects	22,301	(700)	22,280	22,280		
Undistributed Expenditures-Security	22,301	(21)	22,280	22,167	113	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Undist. Expend. - Student Transportation Services						
Salaries for Pupils Train (Between Home & School)-Reg	5,504		5,504	5,504		
Salaries for Pupils Train (Between Home & School)-Sp. Ed.	5,504		5,504	5,504		
Contracted Services - Aid in Lieu of Payments	7,000		7,000	2,045	4,955	
Contract Services (Other than Buses & School)-Vendors	16,078	(4,600)	11,478	6,469	5,009	
Contract Services (Between Home & School)-Joint Agreements	1,853		1,853		1,853	
Contracted Services (Special Ed. Students)-Members	38,722		38,722		38,722	
Contracted Services (Regular Ed. Students)-ISC & CTSAs	161,669	69,702	231,372	188,416	42,956	
Contracted Services (Special Ed. Students)-ISC & CTSAs	299,523	(28,480)	271,043	198,339	72,704	
Total Undist. Expend. - Student Transportation Services	536,244	36,622	572,866	406,497	166,369	
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, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	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	70,000		70,000	53,779	16,221	
Other Retirement Contributions-PERS	78,000		78,000	76,900	1,100	
Other Retirement Contributions-Regular	3,500	6,458	9,908	8,103	1,705	
Unemployment Compensation	5,000		5,000	5,000		
Health Benefits Undistributed	758,901	17,150	776,051	713,655	62,396	
Other Employee Benefits	15,000	(9,920)	5,080	5,080		
Tuition Reimbursement	13,000	(1,526)	11,474	6,894	4,580	
Workmen's Compensation	44,601	762	45,363	45,363		
Unused Sick Payment to Terminated/Retired Staff	1,400	13,600	15,000	15,000		
TOTAL UNALLOCATED BENEFITS	989,252	26,524	1,015,776	914,774	101,002	
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)				483,763	(483,763)	
On-behalf TPAF Post Retirement Medical (non-budgeted)				182,684	(182,684)	
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				443	(443)	
On-behalf TPAF-NCGI Premium (non-budgeted)				8,671	(8,671)	
Reimbursed TPAF Social Security Contributions (non-budgeted)				180,104	(180,104)	
TOTAL ON-BEHALF CONTRIBUTIONS				855,665	(855,665)	
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	989,252	26,524	1,015,776	1,770,439	(754,663)	
TOTAL UNDISTRIBUTED EXPENDITURES	5,449,119	193,781	5,642,900	6,099,419	(456,519)	
TOTAL GENERAL CURRENT EXPENSE	7,592,093	304,920	7,897,013	8,243,321	(346,308)	

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020									
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual				
CAPITAL OUTLAY									
Equipment									
Unsubsidized Expended Instruction		61,525	61,525	60,136	1,389				
Other Equipment		14,247	14,247	14,247					
Architect/Engineering Services									
Total Equipment		75,772	75,772	74,383	1,389				
Facilities Acquisition and Construction Services									
Architect/Engineering Services									
Construction Serv.									
Assessment for Debt Service on SDA	913		913	913					
Total Facilities Acquisition and Construction Services	913		913	913					
TOTAL CAPITAL OUTLAY	913	75,772	76,685	75,296	1,389				
Summer Support Services-Instruction									
Salaries of Teachers	8,225	1,004	9,229	9,229					
Other Salaries for Instruction		1,845	1,845	1,845					
Total Summer School - Instruction	8,225	2,849	11,074	11,074					
Summer Support Services-Support Services									
Salaries	10,401		10,401	10,401					
Purchased Professional and Technical Services	7,470	(2,611)	4,859	2,061	2,798				
Total Summer Support Services	17,871	7,790	25,661	12,462	13,200				
Other Special-Support Services									
Salaries	8,960	(8,960)							
Total Other Special Support Services	8,960	(8,960)							
TOTAL EXPENDITURES	7,617,661	382,371	8,000,032	8,342,153	(442,121)				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(635,907)	(382,371)	(1,018,278)	(274,602)	743,676				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(635,907)	(382,371)	(1,018,278)	(274,602)	743,676				
Fund Balance, July 1	2,518,727		2,518,727	2,518,727					
Fund Balance, June 30	1,882,820	(382,371)	1,500,449	2,244,125	743,676				
Reconciliation of excess (deficiency) of revenues under expenditures: Adjustment for Prior Year Encumbrances		(53,306)	(53,306)	(53,306)					
Budgeted Withdrawal from Emergency Reserve	(635,907)	(208,259)	(844,166)	(100,400)	743,676				
Budgeted Fund Balances	(635,907)	(382,371)	(1,018,278)	(274,602)	743,676				
Reconciliation:									
Reserved Fund Balance:									
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				407,755					
Reserved - Excess Surplus				250,859					
Maintenance Reserve				249,927					
Capital Reserve				768,008					
Emergency Reserve				67,592					
Assigned Fund Balance:									
Year and Encumbrances				50,458					
Designated for Subsequent Year's Expenditures				6,877					

Spring Lake School District Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2020						
	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual 19-20	Variance Final to Actual	
Unassigned Fund Balance						
Total				442,599		
				2,244,125		
Reconciliation to Governmental Funds Statement (GAAP):						
Less State Aid Payment not recognized on GAAP basis				(23,863)		
Fund Balance per Governmental Funds (GAAP)				2,220,262		

**Spring Lake School District
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	182,239	(23,648)	158,591	158,591	
Federal Sources	166,594	(32,325)	134,269	134,269	
Local Sources	2,108	6,131	8,239	8,239	
Total Revenues	350,941	(49,842)	301,099	301,099	
EXPENDITURES:					
Instruction:					
Salaries of Teachers	42,302	(40,206)	2,096	2,096	
Other Salaries					
Purchased Professional and Technical Services	204,639	(65,776)	138,863	138,863	
Other Purchased Services (400-500 series)	51,635		51,635	51,635	
Instructional Supplies		31,688	31,688	31,688	
Textbooks		15,479	15,479	15,479	
Other Objects					
Total Instruction	298,576	(58,815)	239,761	239,761	
Support Services:					
Other Salaries	3,450	(3,450)			
Employee Benefits	953	(953)			
Purchased Professional - Technical Services	43,483	7,731	51,214	51,214	
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies & Materials	4,479	5,645	10,124	10,124	
Other Objects					
Total Support Services	52,365	8,973	61,338	61,338	
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	350,941	(49,842)	301,099	301,099	
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, 2020**

**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]	8,067,551	301,099
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.		23,241	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year (GASB 33).		(23,863)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	8,066,929	301,099
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	8,342,153	301,099
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]	8,342,153	301,099

**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*

	2020	2019	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0076599757%	0.0071736861%	0.0079514832%	0.0075783524%	0.0081188110%	0.0090813088%
District's proportionate share of the net pension liability (asset)	1,380,211	1,412,463	\$ 1,850,978	\$ 2,244,491	\$ 1,822,510	\$ 1,700,269
District's covered payroll - PERS	525,322	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	262.74%	285.77%	342.88%	439.49%	340.27%	327.46%
Plan fiduciary net position as a percentage of the total pension liability	43.78%	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**

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 74,964	\$ 71,355	\$ 73,662	\$ 67,325	\$ 69,800	\$ 74,865
Contributions in relation to the contractually required contribution	\$ (74,964)	\$ (71,355)	\$ (73,662)	\$ (67,325)	\$ (69,800)	\$ (74,865)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll - PERS	\$ 525,322	\$ 494,264	\$ 539,831	\$ 510,700	\$ 535,612	\$ 519,224
Contributions as a percentage of covered payroll	14.27%	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	2019	2018	2017	2016	2015
Districts proportion of the net pension liability (asset)	0.0197985518%	0.0232018459%	0.0219746275%	0.0252792630%	0.0215915829%	0.0206392045%
District's proportionate share of the net pension liability (asset)	12,150,558	14,760,516	\$ 14,816,086	\$ 19,866,278	\$ 13,646,802	\$ 11,737,963
District's covered payroll - TPAF	\$ 2,351,044	\$ 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	516.82%	598.63%	658.40%	841.00%	577.71%	494.21%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	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, 2020**

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	2020
Total OPEB Liability			
Service Costs	\$ 538,624	\$ 447,743	\$ 331,515
Interest on Total OPEB Liability	367,457	427,820	399,261
Changes in Assumptions	(1,498,005)	(1,161,534)	138,011
Differences Between Expected and Actual Experience		(962,901)	(1,458,714)
Gross Benefit Payments	(269,423.00)	(270,655.00)	(284,138.00)
Contribution from the Member	9,921	9,354	8,423
Net Changes in total Share of OPEB Liability	(851,426)	(1,510,173)	(865,642)
Total OPEB Liability - Beginning	12,483,458	11,632,032	10,121,859
Total OPEB Liability - Ending	<u>\$ 11,632,032</u>	<u>\$ 10,121,859</u>	<u>\$ 9,256,217</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	11,632,032	10,121,859	9,256,217
Total OPEB Liability - Ending	<u>\$ 11,632,032</u>	<u>\$ 10,121,859</u>	<u>\$ 9,256,217</u>
District's Covered Employee Payroll	<u>\$ 2,790,154</u>	<u>\$ 2,959,968</u>	<u>\$ 2,876,366</u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2020

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, 2020

	Total Brought Forward (Ex. E-1a)	I.D.E.A. Preschool	Improving Teachers Quality Title II Part A	Title IV	Totals 2020
REVENUES					
State Sources	158,591				158,591
Local Sources	8,239				8,239
Federal Sources	109,107	3,881	11,281	10,000	134,269
Total Revenues	275,937	3,881	11,281	10,000	301,099
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,096				2,096
Purchased Professional and Technical Services	134,982	3,881			138,863
Other Purchased Services (400-500 series)	51,635				51,635
Instructional Supplies	21,688			10,000	31,688
Textbooks	15,479				15,479
Other Objects					
Total Instruction	225,880	3,881		10,000	239,761
Support Services:					
Employee Benefits			11,281		11,281
Purchased Professional & Technical Services	39,933				39,933
Purchased Professional - Educational Services					
Other Purchased Services (400-500 series)	10,124				10,124
Supplies & Materials					
Other Objects					
Total Support Services	50,057		11,281		61,338
Facilities Acquisition and Const. Serv.:					
Instructional Equipment					
Total Facilities Acquisition and Const. Serv.					
Total Expenditures	275,937	3,881	11,281	10,000	301,099
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, 2020

	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	104,240			15,479	10,424	28,448	158,591
Local Sources	8,239	91,568	17,539				8,239
Federal Sources							109,107
Total Revenues	112,479	91,568	17,539	15,479	10,424	28,448	275,937
EXPENDITURES:							
Instruction:							
Salaries of Teachers			2,096				2,096
Purchased Professional and Technical Services	83,370		12,740		10,424	28,448	134,982
Other Purchased Services (400-500 series)		51,635	818				51,635
General Supplies	20,870			15,479			21,688
Textbooks							15,479
Other Objects							
Total instruction	104,240	51,635	15,654	15,479	10,424	28,448	225,880
Support services:							
Employee Benefits							
Purchased Professional & Technical Services		39,933					39,933
Purchased Professional - Educational Services							
Other Purchased Services (400-500 series)	8,239		1,885				10,124
Supplies & Materials							
Other Objects							
Total support services	8,239	39,933	1,885				50,057
Facilities acquisition and const. serv.:							
Instructional Equipment							
Total facilities acquisition and const. serv.							
Total Expenditures	112,479	91,568	17,539	15,479	10,424	28,448	275,937
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, 2020

	Ch. 192 Auxiliary Services	Ch. 193 Handicapped Services	Home Instruction	Security Grant	Local Sources	Total Carried Forward
REVENUES						
State Sources	27,499	47,573	8,298	20,870	8,239	104,240
Local Sources						8,239
Federal Sources						
Total Revenues	27,499	47,573	8,298	20,870	8,239	112,479
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	27,499	47,573	8,298	20,870		83,370
General Supplies						20,870
Textbooks						
Other Objects						
Total Instruction	27,499	47,573	8,298	20,870	-	104,240
Support Services:						
Employee Benefits						
Purchased Professional & Technical Services						
Purchased Professional - Educational Services						
Other Purchased Services (400-500 series)					8,239	8,239
Supplies & Materials						
Other Objects						
Total Support Services	-	-	-	-	8,239	8,239
Facilities Acquisition and Const. Serv.:						
Instructional Equipment						
Total Facilities Acquisition and Const. Serv.	-	-	-	-	-	-
Total Expenditures	27,499	47,573	8,298	20,870	8,239	112,479
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, 2020

	Food Service Program	After School Program	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	1,567	12,484	14,051
Total Current Assets	<u>1,567</u>	<u>12,484</u>	<u>14,051</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	9,912		9,912
Less Accumulated Depreciation	<u>(9,737)</u>		<u>(9,737)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>175</u>	<u>-</u>	<u>175</u>
Total Assets	<u><u>1,742</u></u>	<u><u>12,484</u></u>	<u><u>14,226</u></u>
LIABILITIES			
Current Liabilities:			
Account Payable			-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	175		175
Unrestricted	1,567	12,484	14,051
Total Net Position	<u><u>1,742</u></u>	<u><u>12,484</u></u>	<u><u>14,226</u></u>

Spring Lake School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2020

	Food Service Program	After School Program	Totals
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	2,145		2,145
Tuition		15,320	15,320
Total Operating Revenues	<u>2,145</u>	<u>15,320</u>	<u>17,465</u>
Operating Expenses:			
Cost of Sales	1,475		1,475
Miscellaneous Expenses	277	9,405	9,682
Depreciation Expense	373		373
Total Operating Expenses	<u>2,125</u>	<u>9,405</u>	<u>11,530</u>
Operating Income (Loss)	20	5,915	5,935
Transfers In (Out)			-
Change in Net Position	<u>20</u>	<u>5,915</u>	<u>5,935</u>
Total Net Position—Beginning	1,722	6,569	8,291
Total Net Position—Ending	<u><u>1,742</u></u>	<u><u>12,484</u></u>	<u><u>14,226</u></u>

Spring Lake School District
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2020

	Food Service Program	After School Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	2,145	15,320	17,465
Payments to Vendors	(1,752)	(9,405)	(11,157)
Net Cash Provided by (Used for) Operating Activities	<u>393</u>	<u>5,915</u>	<u>6,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	393	5,915	6,308
Balances—Beginning of Year	1,174	6,569	7,743
Balances—End of Year	<u>1,567</u>	<u>12,484</u>	<u>14,051</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	20	5,915	5,935
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	373		373
Total Adjustments	<u>373</u>	<u>-</u>	<u>373</u>
Net Cash Provided by (Used for) Operating Activities	<u>393</u>	<u>5,915</u>	<u>6,308</u>

FIDUCIARY FUND

Spring Lake School District
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Fiduciary Funds		
	Unemployment Compensation Trust Fund	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 30,243	\$ 241	\$ 59,564
Due from Payroll Agency	13,473		
Total assets	43,716	241	59,564
 LIABILITIES			
Payable to Unemployment Trust Fund			13,473
Payable to student groups			33,149
Payroll deductions and withholdings			12,942
Total liabilities	-	-	59,564
 NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 43,716		
Reserved for Scholarships		\$ 241	

Spring Lake School District
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Unemployment Compensation Trust Fund	Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Member	\$ 5,075	
District Contribution	\$ 5,000	
Total Contributions	<u> 10,075</u>	<u> -</u>
Investment earnings:		
Interest	151	2
Net investment earnings	<u> 151</u>	<u> 2</u>
Total additions	<u> 10,226</u>	<u> 2</u>
DEDUCTIONS		
Quarterly contribution reports	4,079	
Scholarships awarded		100
Total deductions	<u> 4,079</u>	<u> 100</u>
Change in net assets	6,147	(98)
Net position - beginning of the year	<u> 37,569</u>	<u> 339</u>
Net position - end of the year	<u><u> \$ 43,716</u></u>	<u><u> \$ 241</u></u>

**Spring Lake School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2020</u>
ELEMENTARY SCHOOLS:				
General	404	174		578
Student Council	1,286	10	459	837
Yearbook	3,089	1,031	1,753	2,367
8th Grade	15,076	39,513	27,598	26,991
Reading Fund	3			3
Tree Fund	40			40
Loaner Books	326			326
Agriculture Fund	53			53
Special Olympics	76			76
Art Fund	1,447		105	1,342
Zans Garden	176			176
Recycle	53			53
Natl Jr Honor Society	50	89	89	50
Science Boards	53			53
Band/Chorus	130			130
Autism	52			52
Bowling	22	1,011	1,011	22
	<u>22,336</u>	<u>41,828</u>	<u>31,015</u>	<u>33,149</u>

**Spring Lake School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2020</u>
Net Payroll	-	2,098,653	2,098,653	-
Payroll Deductions and Withholdings	11,602	1,691,154	1,689,814	12,942
Due to Unemployment Trust	8,397	5,076		13,473
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>19,999</u>	<u>3,794,883</u>	<u>3,788,467</u>	<u>26,415</u>

LONG-TERM DEBT

Spring Lake School District
 General Long Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2020

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

**Spring Lake School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2020**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	111,528		111,528	111,528	-
State Sources:					
Debt Service Aid Type II	49,672		49,672	49,672	-
Total - State Sources	49,672	-	49,672	49,672	-
Total Revenues	161,200	-	161,200	161,200	-
EXPENDITURES:					
Regular Debt Service:					
Interest	6,200		6,200	6,200	-
Redemption of Principal	155,000		155,000	155,000	-
Total Regular Debt Service	161,200	-	161,200	161,200	-
Total expenditures	161,200	-	161,200	161,200	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1					-
Fund Balance, June 30	-	-	-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	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	2,164,643
Restricted	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	1,744,191
Unrestricted	59,438	76,835	86,569	713,715	(1,377,073)	(1,450,043)	(1,318,971)	(1,524,012)	(1,426,757)	(1,381,077)
Total Governmental Activities Net Assets	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	2,527,757
Business-type Activities										
Invested in Capital Assets, Net of Related Debt					2,041	1,668	1,294	921	548	175
Unrestricted	2,575	3,236	4,230	2,403	1,116	469	1,218	5,038	7,743	14,051
Total Business-type Activities Net Assets	2,575	3,236	4,230	2,403	3,157	2,137	2,512	5,959	8,291	14,226
District-wide										
Invested in Capital Assets, Net of Related Debt	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	2,164,818
Restricted	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	1,744,191
Unrestricted	62,013	80,071	90,799	716,118	(1,375,957)	(1,449,574)	(1,317,753)	(1,518,974)	(1,419,014)	(1,367,026)
Total District Net Assets	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	2,541,983

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
Instruction:										
Regular	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	1,613,132
Special Education	360,436	327,798	397,754	569,875	570,168	517,204	455,714	455,661	696,823	710,212
Other Instruction	78,181	82,749	145,592	68,236	67,903	71,046	71,802	84,680	60,046	63,854
Support Services:										
Tuition	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	1,958,570
Student & Instruction Related Services	1,201,200	1,284,629	1,194,607	1,132,302	1,090,409	911,439	947,424	1,004,188	882,153	890,056
School Administrative Services	114,091	75,959	176,368	86,258	77,832	75,401	78,666	81,527	85,252	73,063
General Administrative Services	144,245	275,002	197,461	156,136	153,494	167,754	151,317	191,475	185,980	244,863
Central Services & Admin. Info. Technology	138,033	161,623	165,753	153,619	147,657	138,969	154,123	174,815	129,372	135,943
Plant Operations and Maintenance	582,670	625,744	667,272	514,555	605,381	493,465	590,191	450,209	541,092	612,035
Special Education Support Services	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,386	514,386	61,338
Pupil Transportation	370,105	440,230	607,334	1,292,314	1,915,052	2,171,428	2,882,869	2,936,022	2,525,054	1,953,481
Summer Support Services	3,818		592	1,285	3,953		913	4,813	9,932	9,932
Unallocated Benefits										
Capital outlay-undepreciable										
Capital Leases						34,882				
Interest on Long-term Debt	54,513	48,657	43,963	38,330	33,843	28,480	22,791	17,009	10,945	4,392
Unallocated Depreciation	169,614	170,762	166,329	154,724	154,355	170,153	166,536	186,047	190,288	198,347
Total Governmental Activities Expenses	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	8,959,251
Business-type Activities:										
Food Service	6,722	6,659	4,791	6,774	3,044	5,064	2,533	2,615	3,070	2,125
After School Program								13,609	25,357	9,405
Total Business-type Activities Expenses	6,722	6,659	4,791	6,774	3,044	5,064	2,533	16,224	28,427	11,530
Total District Expenses	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	8,970,781
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850	300,692	301,099
Total Governmental Activities Program Revenues	264,608	417,295	328,411	311,101	301,845	306,537	247,141	318,850	300,692	301,099
Business-type Activities:										
Charges for Services:										
Food Service	6,031	7,300	5,785	4,947	3,798	4,045	2,908	2,484	2,411	2,145
After School Program								17,187	28,348	15,320
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	6,031	7,300	5,785	4,947	3,798	4,045	2,908	2,484	2,411	2,145
Total District Program Revenues	270,639	424,595	334,196	316,048	305,643	310,582	250,049	338,521	331,451	318,564
Net (Expense)/Revenue										
Governmental Activities	(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)	(8,658,152)
Business-type Activities	(691)	661	994	(1,827)	754	(1,019)	375	3,447	2,332	5,935
Total District-wide Net Expense	(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)	(8,652,217)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	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	6,548,711
Taxes Levied for Debt Service	128,470	141,754	142,009	127,242	138,636	134,943	131,083	123,635	116,163	111,528
Unrestricted/Restricted Federal and State Aid	564,555	557,971	825,949	753,768	1,363,533	1,702,520	2,191,091	2,342,460	2,172,229	1,762,151
Tuition	6,304	9,860	3,240	2,411		99,289	123,525	151,647	138,281	106,987
Miscellaneous Income	78,624	65,504	36,257	130,963	126,986	26,085	99,958	56,796	165,886	132,285
Total Governmental Activities	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	8,661,662
Business-type Activities:										
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	-	-	-	-	-	-	-	-	-	-
Total District-wide	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	8,661,662
Change in Net Position										
Governmental Activities	118,585	113,683	117,697	(175,204)	(239,440)	48,511	(79,798)	(59,725)	(9,826)	3,510
Business-type Activities	(691)	661	994	(1,827)	754	(1,019)	375	3,447	2,332	5,935
Total District	117,894	114,344	118,691	(177,031)	(238,686)	47,492	(79,423)	(56,278)	(7,494)	9,445

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
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	1,744,191
Committed	111,125	110,433								
Assigned	5,284	43,138	321,315	618,760	264,451	103,019	258,373	249,746	193,532	57,335
Unassigned	293,138	183,995	312,847	306,160	349,697	305,847	296,194	370,193	442,135	418,736
Total General fund	<u>3,457,451</u>	<u>3,434,858</u>	<u>3,576,046</u>	<u>3,277,717</u>	<u>2,675,600</u>	<u>2,719,742</u>	<u>2,702,535</u>	<u>2,615,365</u>	<u>2,495,486</u>	<u>2,220,262</u>

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										
Debt Service										
Total Other Governmental Funds	<u>15,125</u>	<u>15,052</u>	<u>14,997</u>	<u>24</u>	<u>6</u>	<u>6</u>				

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	6,097,605	6,036,207	6,036,462	6,080,639	6,211,100	6,388,856	6,510,074	6,486,679	6,536,468	6,660,239
Other Local Revenue	124,063	107,558	77,881	133,374	126,986	125,374	223,483	208,443	304,167	239,272
State Sources	665,966	680,764	980,410	920,963	1,017,438	1,222,531	1,094,595	1,322,438	1,443,399	1,495,448
Federal Sources	124,062	262,308	136,566	143,906	133,059	146,058	96,630	137,766	245,231	134,209
Total Revenues	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	8,529,168
Expenditures										
Instruction:										
Regular	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	1,609,597
Special	276,146	251,379	308,207	569,875	570,168	517,204	455,714	455,661	696,823	710,212
Other Special Instruction		82,749	145,392	68,236	67,903	71,046	71,802	84,680	60,046	63,854
Other Instruction										
Support Services:										
Instruction - Tuition	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	1,958,570
Student Related Services	983,496	1,084,730	1,040,772	1,132,302	1,090,409	911,439	947,424	1,004,188	882,153	890,056
General Administration	144,245	275,002	182,773	156,136	153,494	167,754	151,317	199,425	193,933	252,816
School Administration	87,426	69,772	76,368	86,258	77,832	75,401	78,666	81,527	85,252	73,063
Special Education										61,338
Central Services & Admin. Info. Technology	146,940	144,141	152,006	153,619	147,657	138,969	154,123	174,815	129,372	135,943
Operations and Maintenance	431,593	464,530	531,874	514,555	605,381	493,465	590,191	450,209	541,092	612,035
Student Transportation	242,528	185,923	205,282	341,177	320,422	409,214	429,919	414,654	514,386	406,497
Employee Benefits	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	1,770,439
Capital Outlay	8,199	25,571	102,603	110,034	398,802	39,470	55,449	71,019	122,007	75,296
Summer Support Services						28,818	31,477	16,108	20,794	23,536
Debt Service:										
Principal	150,000	155,000	160,000	165,000	165,000	165,000	165,000	160,000	155,000	155,000
Interest and Other Charges	54,513	50,013	45,363	40,563	35,407	30,044	24,475	18,700	12,900	6,200
Total Governmental Fund Expenditures	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	8,804,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)	(119,880)	(275,284)
Other Financing Sources (Uses)										
Operating Transfers In			14,966							
Operating Transfers Out			(14,966)							
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	140,335	77,334	41,133	(313,302)	(602,135)	44,142	(17,213)	(87,170)	(119,880)	(275,284)
Debt Service as a percentage of noncapital expenditures	2.98%	2.94%	2.90%	2.75%	2.61%	2.50%	2.40%	2.19%	1.97%	1.85%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.
 (1) Prior to 2014 special revenue fund instruction was classified as regular instruction, this was corrected in 2014 to special education instruction.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest Income</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2020	106,987	21,914	102,132	231,033

Source: District records.

Borough of Spring Lake School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
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
2020	106,143,200	3,884,818,500	157,257,000	883,300	0	4,149,102,000	0	4,149,102,000	4,319,887,221	0.159

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		Overlapping Rates		Total Direct and overlapping Tax Rate
		Debt Service ^b	School District	School District	Municipality	Municipality	County	
2010	0.174	0.004	0.178	0.178	0.203	0.203	0.268	0.649
2011	0.174	0.005	0.179	0.179	0.205	0.205	0.263	0.647
2012	0.174	0.004	0.178	0.178	0.204	0.204	0.276	0.658
2013	0.174	0.004	0.178	0.178	0.208	0.208	0.284	0.670
2014	0.177	0.004	0.181	0.181	0.218	0.218	0.287	0.686
2015	0.178	0.004	0.182	0.182	0.220	0.220	0.296	0.698
2016	0.179	0.004	0.183	0.183	0.217	0.217	0.283	0.683
2017	0.160	0.004	0.164	0.164	0.195	0.195	0.267	0.626
2018	0.156	0.002	0.158	0.158	0.191	0.191	0.278	0.627
2019	0.159	0.002	0.161	0.161	0.159	0.159	0.248	0.568

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	2019			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	0.55%	18,957,100	1	0.57%
Scardino T/A Breakers Hotel	14,090,000	2	0.34%	16,607,400	2	0.50%
Taxpayer #1	12,010,400	3	0.29%			
Taxpayer #2	1,021,130	4	0.02%			
Bluth Real Estate	10,146,100	5	0.24%			
Taxpayer #3	10,094,300	6	0.24%			
Taxpayer #4	9,573,500	7	0.23%			
Taxpayer #5	9,029,000	8	0.22%			
Marisa & Ale Corp	8,880,900	9	0.21%	7,772,100	6	0.23%
Taxpayer #6	8,685,300	10	0.21%			
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>106,442,130</u>		<u>2.57%</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
2020	6,660,239	6,002,985	90.13%	546,026

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		
2020	-				-	-	Not Available	-		

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
2020	-		-	0.00%	-

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, 2020
Unaudited**

<u>Borough of Spring Lake</u>	Net Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Borough of Spring Lake 12/31/2019	\$ 2,654,217	100.000%	\$ 2,654,217
Monmouth County General Obligation Net Debt 12/31/2019	485,117,930	3.373%	16,364,142
			<hr/>
Subtotal, overlapping debt			19,018,359
Spring Lake School District Direct Debt			<hr/>
			-
Total direct and overlapping debt			<u><u>\$ 19,018,359</u></u>

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

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

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

**Borough of Spring Lake School District
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 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] \$ <u>122,436,793</u>

	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
2020	2,905	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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	20.00	23.00	23.00	22.00	22.60	22.00	22.00	22.00	28.00	20.00
Special Education	3.00	3.00	5.00	5.00	4.00	3.00	3.00	3.00	4.50	6.00
Other Special Instruction	4.50	5.00	2.00	4.00	3.20	3.00	3.00	3.00	3.20	4.00
Other Instruction			2.00	2.00	1.00	2.00	2.00	2.00	1.00	1.00
Support Services:										
Student & Instruction Related Services	7.00	7.00	7.00	7.00	8.80	3.50	3.50	3.50	5.50	3.60
Other Support Services					1.50	2.00	2.00	2.00	4.00	4.00
School Administrative Services	0.70	0.70	0.70	0.70	2.00	2.50	2.50	2.50	0.77	0.77
General Administrative Services	0.70	0.70	0.70	0.70	3.50	3.30	3.30	3.30	0.73	0.73
Central Services & Admin. Info. Technology	1.60	1.60	1.60	1.60	1.25	1.00	1.00	1.00	2.60	4.00
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	3.50	3.00	3.00	3.00	4.00	3.50
Pupil Transportation	0.20	0.20	0.20	0.20	0.25	0.20	0.20	0.20	0.20	0.20
Total	41.70	45.20	46.20	47.20	51.60	45.50	45.50	45.50	54.50	47.80

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Mountz		Total Enrollment (b)		Total Spending (b)	Cost Per Pupil (b)	Percentage Change	Teaching Staff (c)	HW Mountz Teacher/Student	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
	(a)	(b)	(a)	(b)						Enrollment (d)	Attendance (d)		
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%		
2020	147.0	199.0	N/A	N/A	N/A	N/A	N/A						

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	274	269	269	244	213	207	196	196	176	167
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**

<u>School Facilities</u>	<u>Project #'s</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
H W Mountz School	N/A	133,518	83,099	69,145	163,771	100,635	192,608	137,843	137,909	98,616	107,335
Total School Facilities		<u>133,518</u>	<u>83,099</u>	<u>69,145</u>	<u>163,771</u>	<u>100,635</u>	<u>192,608</u>	<u>137,843</u>	<u>137,909</u>	<u>98,616</u>	<u>107,335</u>

BOROUGH OF SPRING LAKE SCHOOL DISTRICT

Insurance Schedule
June 30, 2020
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



WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkottz, CPA, RMA, PSA
Matthew B. Wielkottz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
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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, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 30, 2020.

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 2020-1 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 Finding - Financial, Compliance and Performance dated December 30, 2020.

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

Wielkotz & Company, LLC
WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 30, 2020





WIELKOTZ & COMPANY LLC
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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, 2020. 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, 2020.

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

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

December 30, 2020

Borough of Spring Lakes School District
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	From	To	Balance at June 30, 2019	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020	
													Accounts Receivable	Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
L.D.E.A. Part B, Basic Regular	84-027	H027A190100	FT498020	95,118	7/1/2019	9/30/2020			80,347	(91,568)			(11,221)	
L.D.E.A. Part B, Basic Regular	84-027	H027A180100	FT498019	131,597	7/1/2018	9/30/2019	(15,194)		15,194					
L.D.E.A. Part B, Preschool	84-173	H173A190114	PS498020	3,881	7/1/2019	9/30/2020			3,881	(3,881)				
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							(22,544)		107,204	(95,449)			(11,221)	432
Total Special Revenue Fund														
Title I, Part A	84-010A	S010A190030	NCLB498020	40,721	7/1/2019	9/30/2020			14,769	(17,539)			(2,770)	
Title I, Part A	84-010A	S010A180030	NCLB498019	80,213	7/1/2018	9/30/2019	(25,549)		25,549					
Title II, Part A Improving Teacher Quality	84-367A	S367A190029	NCLB498020	15,714	7/1/2019	9/30/2020			11,281	(11,281)				
Title II, Part A Improving Teacher Quality	84-367A	S367A180029	NCLB498019	18,221	7/1/2018	9/30/2019	(2,277)		2,277					
Title IV	84-424	S424A190031	NCLB498020	10,000	7/1/2019	9/30/2020			10,000	(10,000)				
Title IV	84-424	S424A180031	NCLB498019	16,593	7/1/2018	6/30/2019	(8,942)		8,942					
Title IV	84-424	S424A170031	NCLB498018	3,407	7/1/2017	6/30/2018	(3,407)		3,407					
Title V	84-298A	na	NCLB498009		9/1/2008	8/31/2009	750							750
Total							(61,969)		183,429	(134,269)			(13,991)	1,182
Total Federal Financial Awards														
							(61,969)		183,429	(134,269)			(13,991)	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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/Interfund Payable	
State Department of Education													
General Fund:													
Special Education Categorical Aid	20-495-034-5120-089	177,221	7/1/2019	6/30/2020				177,221	(177,221)				\$177,221
Security Aid	20-495-034-5120-084	5,059	7/1/2019	6/30/2020				5,059	(5,059)				5,059
State Aid-Public Cluster								182,280	(182,280)				182,280
Transportation Aid	20-495-034-5120-014	57,263	7/1/2019	6/30/2020				57,263	(57,263)				57,263
Extraordinary Aid	20-495-034-5120-044	188,638	7/1/2019	6/30/2020				188,638	(188,638)				188,638
Non-Public Transportation Aid	20-495-034-5120-044	208,519	7/1/2018	6/30/2019		(208,519)		208,519	(3,961)				208,519
On-Behalf Non -Contributory Insurance	20-495-034-5120-014	3,961	7/1/2018	6/30/2019		(6,857)		6,857	(8,671)				3,961
On-Behalf Teacher's Pension and Annuity Fund	20-495-034-509-4004	8,671	7/1/2019	6/30/2020				8,671	(8,671)				8,671
On-Behalf TPAF Post Retirement Medical	20-495-034-509-4002	483,763	7/1/2019	6/30/2020				483,763	(483,763)				483,763
Reimbursed TPAF Long-Term Disability Contributions	20-495-034-509-4001	182,684	7/1/2019	6/30/2020				182,684	(182,684)				182,684
Reimbursed TPAF Social Security Contributions	20-495-034-509-4003	180,104	7/1/2019	6/30/2020				180,104	(180,104)				180,104
Total General Fund		197,275	7/1/2018	6/30/2019		(13,529)		1,308,215	(1,287,807)		(208,497)		23,863
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Technology Aid	20-100-034-5120-064	15,497	7/1/2019	6/30/2020				15,497	(15,479)				15,479
Adult Services (Chapter 192)	20-100-034-5120-067	33,122	7/1/2019	6/30/2020				33,122	(27,469)				27,469
Homeless Handicapped Aid (Chapter 193)	20-100-034-5120-067	8,298	7/1/2019	6/30/2020				8,298	(8,298)				8,298
Nursing Services Aid	20-100-034-5120-066	66,292	7/1/2018	6/30/2019				66,292	(47,573)				47,573
Security Aid	20-100-034-5120-070	28,518	7/1/2019	6/30/2020		10,977		28,518	(28,448)	(10,977)			44,629
Technology Initiative	20-100-034-5120-099	44,100	7/1/2019	6/30/2020				44,100	(20,870)				28,448
Technology Initiative	20-100-034-5120-099	47,100	7/1/2018	6/30/2019		11,533		10,584	(10,424)	(11,533)			20,870
Technology Initiative	20-100-034-5120-373	11,304	7/1/2018	6/30/2019		570				(670)			35,567
Character Education Aid	04-495-034-5120-053	4,000	7/1/2003	6/30/2004		306					306		10,424
Total Special Revenue Fund						306		198,113	(158,591)	(23,080)	(8,298)		249,521
Debt Service Fund													
Debt Service Aid	20-495-034-5120-017	49,672	7/1/2019	6/30/2020				49,672	(49,672)				49,672
Total						(228,599)		1,556,000	(1,496,070)	(23,080)	(216,795)		1,999,651
Less On-Behalf TPAF Pension and Annuity Aid								8,671	(8,671)				8,151
On-Behalf Non -Contributory Insurance	20-495-034-509-4004	483,763	7/1/2019	6/30/2020				483,763	(483,763)				389,389
On-Behalf TPAF Post Retirement Medical	20-495-034-509-4002	182,684	7/1/2019	6/30/2020				182,684	(182,684)				180,323
On-Behalf TPAF Long-Term Disability Contributions	20-495-034-509-4001	443	7/1/2019	6/30/2020				443	(443)				386
Total State Financial Assistance						(228,599)		880,439	(820,809)	(23,080)	(216,795)		23,863
													47,820
													1,421,402

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,830) 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	\$	\$1,287,185	\$1,287,185
Special Revenue Fund	134,269	158,591	292,860
Debt Service Fund		<u>49,672</u>	<u>49,672</u>
Total Financial Awards	<u>\$134,269</u>	<u>\$1,495,448</u>	<u>\$1,629,717</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, 2020. 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, 2020.

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>	\$17,539
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	11,281
Title IV, <i>Student Support and Academic Enrichment</i>	<u>10,000</u>
Total	<u>\$38,820</u>

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020
(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

State Aid Public Cluster: _____

_____ 20-495-034-5120-089
_____ 20-495-034-5120-084

_____ Special Education Aid
_____ Security Aid

**BOROUGH OF SPRING LAKE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II - Financial Statement Findings

Finding 2020-01:

Conditions:

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

Criteria:

All subsidiary ledgers should be reconciled to the Board Secretary's report.

Cause:

The Board Secretary's report had to be analyzed in order to reflect the proper amounts in the CAFR.

Effect:

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

Recommendation:

That the Board Secretary's report for all accounts be reconciled monthly to the subsidiary ledgers.

Board's Response:

The Board Secretary will reconcile the Board Secretary's report 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, 2020**

Status of Prior Year Findings

Finding 2019-01 is a repeat prior year finding.