

SCHOOL DISTRICT  
OF  
SPRING LAKE BOROUGH  
OF MONMOUTH COUNTY

Spring Lake Borough School District  
Spring Lake, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

of

Spring Lake Borough School District  
of Monmouth County

Spring Lake, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

Spring Lake Borough School District  
Finance Department

# OUTLINE FOR ANNUAL COMPREHENSIVE FINANCIAL REPORT

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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](http://www.HWMountz.K12.NJ.US)

*Stephen V. LaValva, EdD*  
Superintendent of School

*Joanette Femia*  
Interim School Business Administrator/Board Secretary

February 16, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Spring Lake School District (District) for the fiscal year ended June 30, 2022 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 ACFR 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, 2021 (2022-2023 Aid) as reported in the Annual Application for State School Aid (ASSA) was 190, which is a decrease of 20 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>
2021	190	(9.52%)
2020	210	5.53%
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%)

**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. The increase in enrollment for the 2020-2021 school year can be attributed in part to COVID -19 as some families with summer residents choosing to remain in Spring Lake for the school year. It should be noted that the current administration and Board worked diligently to increase enrollment before COVID-19 hit the nation. The impact of COVID-19 as well as the work of the Administration on enrollment will be determined in time.

**3. MAJOR INITIATIVES:**

The 2021-2022 Budget continued funding for increased special education services, increased professional development, curriculum development, materials and resources for instructional

improvements, and capital improvements to HVAC systems. Increased security 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 tenth 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, 2022.

## **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, 2022, the District had no outstanding school bonds.

## **8. CASH MANAGEMENT:**

The investment Policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit 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 Jump, Perry & 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,

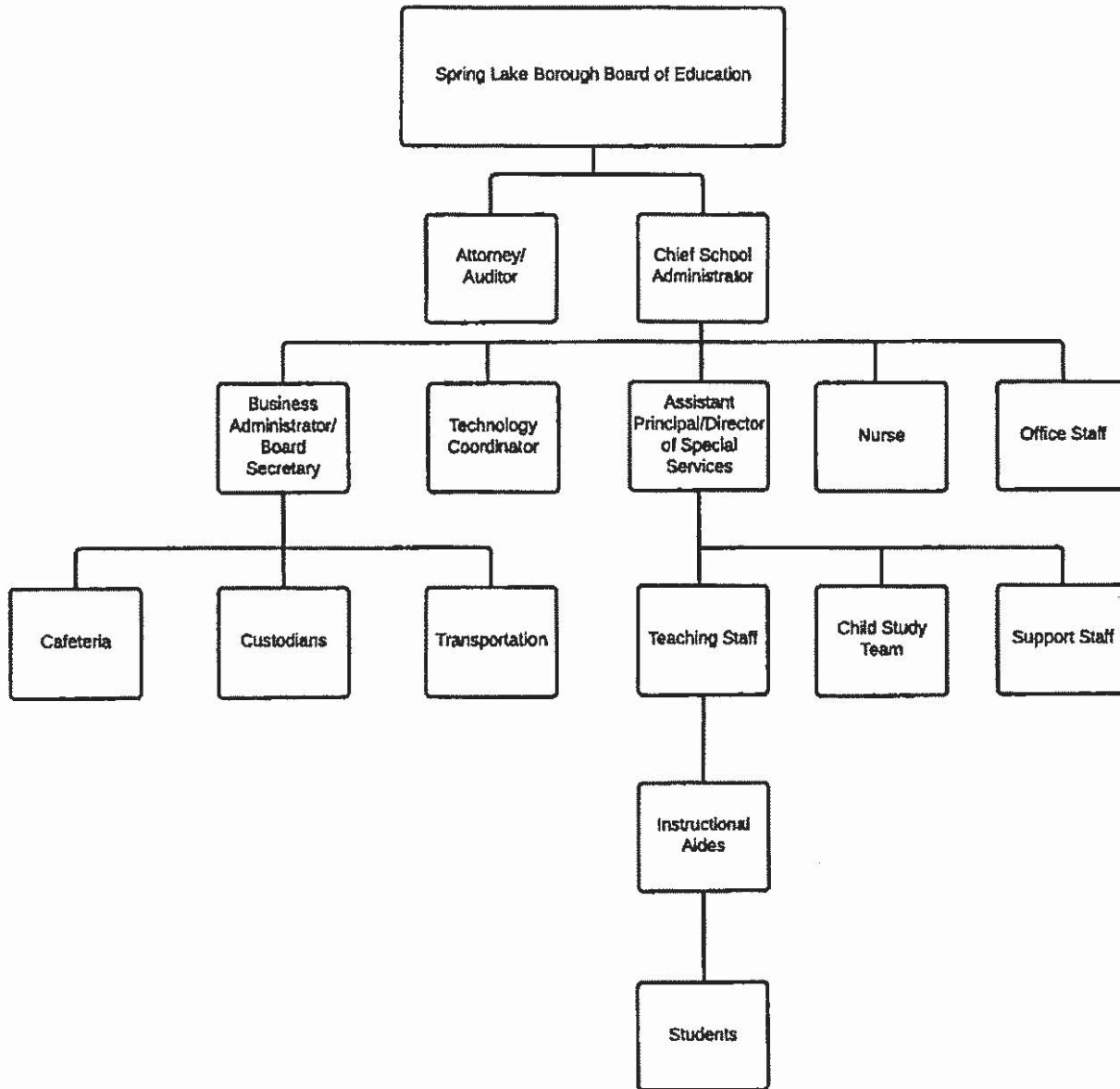
*Stephen LaValva*

Dr. Stephen LaValva  
Superintendent/Principal

# SPRING LAKE BOROUGH BOARD OF EDUCATION

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Organizational Chart



Spring Lake Borough School District  
Spring Lake, New Jersey

Roster of Officials  
June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Noelle Giblin, President	2024
James Worth, Vice President	2022
John Clark, Board Member	2022
Karen Matuch, Board Member	2024
Michael Moran, Board Member	2023

Other Officials

Dr. Stephen LaValva, Superintendent

Mindy Green, Interim School Business Administrator/Board Secretary

Panda LLC, Treasurer

Sciarrillo, Cornell, Merlin McKeever & Osborne, LLC, Board Council

Spring Lake Borough School District  
Consultants and Advisors

Architect/Engineers

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

Audit Firm

Jump, Perry and Company, L.L.P.  
12 Lexington Avenue  
Toms River, New Jersey 08753

Attorneys

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

Baker & Hostetler, LLP  
45 Rockefeller Plaza  
New York, New York 10111

Official Depositories

TD Bank  
Spring Lake Heights, New Jersey

State of NJ Cash Management Fund  
Boston, Mass

## FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

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 Spring Lake Borough School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Spring Lake Borough School District in the County of Monmouth, State of New Jersey, as of June 30, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Spring Lake Borough School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring Lake Borough School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Spring Lake Borough School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spring Lake Borough School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules related to accounting and reporting for pensions and the schedules related to accounting and reporting for postemployment benefits other than pensions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Spring Lake Borough School District's basic financial statements. The accompanying 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of Spring Lake Borough School District'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 solely 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 the effectiveness of the Spring Lake Borough School District's 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 Spring Lake Borough School District's internal control over financial reporting and compliance.

Respectfully Submitted,

Jump, Perry and Company L.L.P.  
Toms River, New Jersey

  
Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

February 16, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Spring Lake Borough School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

Unaudited

The discussion and analysis of Spring Lake Borough School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

### **Financial Highlights**

Key financial highlights for June 30, 2022 are as follows:

Net position totaled \$4,396,756, which represents a 40.58 percent increase from June 30, 2021.

General revenues accounted for \$8,026,492 in revenue or 95.20 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$404,593 or 4.80 percent of total revenues of \$8,431,085.

Total assets increased \$637,572 as current assets increased by \$694,122, capital assets decreased by \$104,224 and leased assets increased by \$47,674.

The School Board had \$7,161,927 in expenses; only \$404,593 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,026,492 were adequate to provide for these programs.

Among major funds, the General Fund had \$8,026,955 in revenues and \$6,922,604 in expenditures and transfers. The General Fund's balance increased \$1,104,351 over June 30, 2021. The General Fund's balance is \$3,767,087.

### **Using this Annual Comprehensive Annual Financial Report (ACFR)**

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Spring Lake Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School Board, presenting both an aggregate view of the School Board's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School Board's most significant funds with all other non-major funds presented in total in one column. In the case of Spring Lake Borough School District, the General Fund is by far the most significant.

## **Reporting the School Board as a Whole**

### **Statement of Net Position and the Statement of Activities**

The Statement of Net Position and Statement of Activities provide information about the activities of the entire School District and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The change in net position is important because it informs the reader that, for the School District as a whole, the financial position of the School District has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. In the Statement of Net Position and the Statement of Activities, the School Board is divided into two kinds of activities:

**Governmental Activities** - All of the School Board's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Spring Lake Borough School District uses propriety funds to count for its food service program and after school program.

## **Reporting the School Board's Most Significant Funds**

### **Fund Financial Statement**

The Analysis of the School Board's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund and Special Revenue Fund.

### **Governmental Funds**

The School Board's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The Enterprise Fund uses the same basis of accounting as business-type activities.

## The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole.

Table 1 provides a summary comparison of the School Board's net position for June 30, 2022 and 2021.

Table 1

Net Position as of June 30, 2022 and June 30, 2021

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>						
Current and other assets	\$ 3,944,352	\$ 13,753	\$ 3,958,105	\$ 3,249,891	\$ 14,092	\$ 3,263,983
Capital assets, net	2,061,398	-	2,061,398	2,165,622	-	2,165,622
Lease assets, net	47,674	-	47,674	-	-	-
<b>Total assets</b>	<b>6,053,424</b>	<b>13,753</b>	<b>6,067,177</b>	<b>5,415,513</b>	<b>14,092</b>	<b>5,429,605</b>
Deferred outflow of resources	269,234	-	269,234	251,401	-	251,401
<b>Liabilities:</b>						
Current liabilities	151,328	-	151,328	636,180	-	636,180
Long-term liabilities outstanding	1,044,416	-	1,044,416	1,161,680	-	1,161,680
<b>Total liabilities</b>	<b>1,195,744</b>	<b>-</b>	<b>1,195,744</b>	<b>1,797,860</b>	<b>-</b>	<b>1,797,860</b>
Deferred inflow of resources	743,911	-	743,911	755,548	-	755,548
<b>Net position:</b>						
Net investment in capital assets	2,061,172	-	2,061,172	2,165,622	-	2,165,622
Restricted	3,091,539	-	3,091,539	2,178,733	-	2,178,733
Unrestricted	(769,708)	13,753	(755,955)	(1,230,849)	14,092	(1,216,757)
<b>Total Net Position</b>	<b>\$ 4,383,003</b>	<b>\$ 13,753</b>	<b>\$ 4,396,756</b>	<b>\$ 3,113,506</b>	<b>\$ 14,092</b>	<b>\$ 3,127,598</b>

The unrestricted net position is a negative balance due to the unfunded liabilities for compensated absences and PERS pension. The District expects to be able to fund these liabilities as they come due yearly.

The School Board's combined net position was \$4,396,756 on June 30, 2022. This is a change of 40.58% from the previous year.



Table 2 provides a comparison analysis of the School Board's changes in net position from fiscal years June 30, 2022 and 2021.

Table 2

Changes in Net Position

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 55,762	\$ -	\$ 55,762	\$ 48,372	\$ 210	\$ 48,582
Operating and capital grants and contributions	348,831	-	348,831	418,427	-	418,427
General revenues:						
Property taxes	6,813,278	-	6,813,278	6,679,985	-	6,679,985
Federal and state aid	911,962	-	911,962	2,193,436	-	2,193,436
Investment earnings	5,871	1	5,872	-	-	-
Miscellaneous	293,560	1,820	295,380	160,813	-	160,813
Total revenues	<u>8,429,264</u>	<u>1,821</u>	<u>8,431,085</u>	<u>9,501,033</u>	<u>210</u>	<u>9,501,243</u>
Expenses						
Instructional services	2,273,219	-	2,273,219	2,463,514	-	2,463,514
Support services	4,886,059	2,160	4,888,219	6,515,403	344	6,515,747
Interest on long-term liabilities	489	-	489	-	-	-
Total expenses	<u>7,159,767</u>	<u>2,160</u>	<u>7,161,927</u>	<u>8,978,917</u>	<u>344</u>	<u>8,979,261</u>
Change in net position	<u>1,269,497</u>	<u>(339)</u>	<u>1,269,158</u>	<u>522,116</u>	<u>(134)</u>	<u>521,982</u>

The tax levy increase was due in general to cover increased costs in salaries and benefits and utilities. The Federal and State aid increased due to the increase in grants available.

Regular instructional costs overall decreased, but the budget did include the negotiated contractual increases in salary and benefits as well as program maintenance and enhancements. Reductions in instructional programs were caused by reduction in full time staff.

Other support services decreased due to reduction in full time staff.

## Expenses for Fiscal Year June 30, 2022

### Business-Type Activities

Revenues for the District's business-type activities were comprised of miscellaneous income.

Total Enterprise Fund expenses exceeded revenues by \$339.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total costs of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

#### Governmental Activities

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,273,219	\$ 2,273,219	\$ 2,463,514	\$ 2,119,521
Support Services:				
Pupils and Instructional Staff	2,741,281	2,336,688	2,494,423	2,371,617
General Administration, School Administration, Business Operation and Maintenance of Facilities	1,561,561	1,561,561	3,586,588	3,586,588
Pupil Transportation	583,217	583,217	434,392	434,392
Interest and Fiscal Charges	489	489	-	-
Total Expenses	\$ 7,159,767	\$ 6,755,174	\$ 8,978,917	\$ 8,512,118

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership. Greater than 90% of the student population participates in extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law.

## The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Spring Lake, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2022, it reported a combined fund balance of \$3,793,024, which is a increase of \$1,107,113. The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B-2, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2022.

<u>Revenue</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 7,168,471	85.04 %	\$ 327,673	4.79 %
State Sources	1,146,816	13.61	(634,179)	(35.61)
Federal Sources	<u>113,977</u>	<u>1.35</u>	<u>(116,312)</u>	<u>(50.51)</u>
Total	<u>\$ 8,429,264</u>	<u>100.00 %</u>	<u>\$ (422,818)</u>	<u>(4.78)%</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2022.

<u>Expenditures</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 2,284,098	31.19 %	\$ (179,416)	(7.28)%
Undistributed				
Expenditures	4,975,311	67.95	(796,063)	(13.79)
Capital Outlay	<u>62,742</u>	<u>0.86</u>	<u>(152,436)</u>	<u>(70.84)</u>
Total	<u>\$ 7,322,151</u>	<u>100.00 %</u>	<u>\$ (1,127,915)</u>	<u>(13.35)%</u>

## General Fund Budgeting Highlights

The School Board's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in Section C of the ACFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$1,082,899 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$398,410 more than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions, TPAF LTDI, and TPAF Pension Contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are as follows:

Excess Surplus - Designated for Subsequent Year	
Expenditures	\$ 288,851
Capital Reserve	2,269,969
Maintenance Reserve	250,723
Unemployment Reserve	38,623
Emergency Reserve	67,592
Excess Surplus - Current Year	175,740

These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District.

The expenditures were less due to cost containment by the Board even after the salary and benefit increases. General supplies were purchased at better prices than expected due to the school board joining other schools in cooperative bidding.

The excesses will be carried forward into the beginning fund balance from the 2021-2022 fiscal year and may be used to reduce the local tax levy for the 2023-2024 fiscal year.

## Capital Assets and Debt Administration

*Capital Assets.* At the end of the fiscal year June 30, 2022, the School Board had \$2,061,398 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 492,117	\$ 492,117	\$ -	\$ -	\$ 492,117	\$ 492,117
Building and Improvements	662,647	1,360,822	-	-	662,647	1,360,822
Machinery and Equipment	906,634	312,683	-	-	906,634	312,683
<b>Total</b>	<b>\$ 2,061,398</b>	<b>\$ 2,165,622</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,061,398</b>	<b>\$ 2,165,622</b>

During the current fiscal year, \$32,445 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

*Debt Administration.* The District's long-term liabilities are as follows for the governmental activities at June 30, 2022 and June 30, 2021.

	June 30, 2022	June 30, 2021
Leases payable	\$ 47,900	\$ -
Pension Liability-PERS	842,151	1,053,470
Compensated Absences payable	154,365	108,210
<b>Total long-term liabilities</b>	<b>\$ 1,044,416</b>	<b>\$ 1,161,680</b>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

## Economic Factors and Next Year's Budget

For the 2021-2022 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 14.96% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 85.04% of total revenue is from local sources.

The \$(769,708) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would have that much in value.

The 2021-2022 budget was adopted in March 2021 based in part on the state education aid the School Board anticipated receiving. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Spring Lake Borough School District for increased aid.

The School Board anticipates a level enrollment for the 2022-2023 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

### **Contacting the School Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Spring Lake Borough School District, 411 Tuttle Avenue, Spring Lake, NJ, 07762.

## BASIC FINANCIAL STATEMENTS



**SPRING LAKE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 718,487	\$ 13,753	\$ 732,240
Capital reserve cash	2,269,969	-	2,269,969
Receivables - other	570,173	-	570,173
Receivables - state	324,603	-	324,603
Receivables - federal	61,120	-	61,120
Capital assets, non-depreciable	492,117	-	492,117
Capital assets, depreciable, net	1,569,281	-	1,569,281
Lease assets, net	47,674	-	47,674
Total assets	<u>6,053,424</u>	<u>13,753</u>	<u>6,067,177</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - PERS	269,234	-	269,234
	<u>269,234</u>	<u>-</u>	<u>269,234</u>
<b>LIABILITIES</b>			
Accounts payable	31,864	-	31,864
Deferred revenue	87,196	-	87,196
Payable to state government	156	-	156
Payroll deductions and withholdings payable	32,112	-	32,112
Noncurrent liabilities:			
Due within one year	8,807	-	8,807
Due beyond one year	1,035,609	-	1,035,609
Total liabilities	<u>1,195,744</u>	<u>-</u>	<u>1,195,744</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - PERS	743,911	-	743,911
	<u>743,911</u>	<u>-</u>	<u>743,911</u>
<b>NET POSITION</b>			
Investment in capital assets	2,061,172	-	2,061,172
Restricted for:			
Capital projects	2,269,969	-	2,269,969
Unemployment compensation	38,623	-	38,623
Student activities	41	-	41
Other purposes	782,906	-	782,906
Unrestricted	(769,708)	13,753	(755,955)
Total net position	<u>\$ 4,383,003</u>	<u>\$ 13,753</u>	<u>\$ 4,396,756</u>

SPRING LAKE SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Current:							
Regular instruction	\$ 1,798,943	\$ -	\$ -	\$ -	\$ (1,798,943)	\$ -	\$ (1,798,943)
Special education instruction	416,173	-	-	-	(416,173)	-	(416,173)
Other special instruction	58,103	-	-	-	(58,103)	-	(58,103)
Support services and undistributed costs:							
Tuition	1,314,382	-	-	-	(1,314,382)	-	(1,314,382)
Attendance and social work	55,791	-	-	-	(55,791)	-	(55,791)
Health services	166,242	-	-	-	(166,242)	-	(166,242)
Other support services	493,746	55,762	-	-	(437,984)	-	(437,984)
Improvement of instr. services	172,217	-	-	-	(172,217)	-	(172,217)
Educational media services	162,584	-	-	-	(162,584)	-	(162,584)
Instruction staff training	16,609	-	-	-	(16,609)	-	(16,609)
General administrative services	166,811	-	-	-	(166,811)	-	(166,811)
School administrative services	86,602	-	-	-	(86,602)	-	(86,602)
Central services	83,418	-	-	-	(83,418)	-	(83,418)
Admin. information technology	16,830	-	-	-	(16,830)	-	(16,830)
Allowed maintenance for school facilities	83,004	-	-	-	(83,004)	-	(83,004)
Other operation & maintenance of plant	602,293	-	-	-	(602,293)	-	(602,293)
Student transportation services	583,217	-	-	-	(583,217)	-	(583,217)
Unallocated employee benefits	522,603	-	-	-	(522,603)	-	(522,603)
Non-budgeted expenses	348,831	-	348,831	-	-	-	-
Special schools	10,879	-	-	-	(10,879)	-	(10,879)
Interest expense	489	-	-	-	(489)	-	(489)
Total governmental activities	<u>7,159,767</u>	<u>55,762</u>	<u>348,831</u>	<u>-</u>	<u>(6,755,174)</u>	<u>-</u>	<u>(6,755,174)</u>
Business-type activities:							
Enterprise fund	2,160	-	-	-	-	(2,160)	(2,160)
Total business-type activities	<u>2,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,160)</u>	<u>(2,160)</u>
Total primary government	<u>\$ 7,161,927</u>	<u>\$ 55,762</u>	<u>\$ 348,831</u>	<u>\$ -</u>	<u>\$ (6,755,174)</u>	<u>\$ (2,160)</u>	<u>\$ (6,757,334)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes levied for general purpose					\$ 6,813,278	\$ -	\$ 6,813,278
Federal and state aid					911,962	-	911,962
Miscellaneous income					293,560	1,820	295,380
Investment earnings					5,871	1	5,872
Total general revenues					<u>\$ 8,024,671</u>	<u>\$ 1,821</u>	<u>8,026,492</u>
<b>Change in net position</b>					1,269,497	(339)	1,269,158
<b>Net position, July 1</b>					3,113,506	14,092	3,127,598
<b>Net position, June 30</b>					<u>\$ 4,383,003</u>	<u>\$ 13,753</u>	<u>\$ 4,396,756</u>

SPRING LAKE SCHOOL DISTRICT  
 Balance Sheet  
 Governmental Funds  
 June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 667,644	\$ 50,843	\$ -	\$ -	\$ 718,487
Capital reserve	2,269,969	-	-	-	2,269,969
Receivables, net	570,173	-	-	-	570,173
Receivables from Federal	-	61,120	-	-	61,120
Receivables from State	323,277	1,326	-	-	324,603
Total assets	<u>3,831,063</u>	<u>113,289</u>	<u>-</u>	<u>-</u>	<u>3,944,352</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	31,864	-	-	-	31,864
Unearned revenue	-	87,196	-	-	87,196
Interfund payable	-	-	-	-	-
Payable to federal government	-	-	-	-	-
Payable to state government	-	156	-	-	156
Payroll deductions and withholdings payable	32,112	-	-	-	32,112
Total liabilities	<u>63,976</u>	<u>87,352</u>	<u>-</u>	<u>-</u>	<u>151,328</u>
Fund Balances:					
Restricted for:					
Excess surplus - current year	175,740	-	-	-	175,740
Excess surplus - prior year- designated for Subsequent year's expenditures	288,851	-	-	-	288,851
Capital reserve account	2,269,969	-	-	-	2,269,969
Maintenance reserve account	250,723	-	-	-	250,723
Emergency reserve account	67,592	-	-	-	67,592
Unemployment compensation	38,623	-	-	-	38,623
Scholarships	-	41	-	-	41
Student activities	-	25,896	-	-	25,896
Debt services	-	-	-	-	-
Committed to:					
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	130,952	-	-	-	130,952
Designated by the BOE for subsequent year's expenditures	100,801	-	-	-	100,801
Unassigned:					
General fund	443,836	-	-	-	443,836
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Permanent fund	-	-	-	-	-
Total fund balances	<u>3,767,087</u>	<u>25,937</u>	<u>-</u>	<u>-</u>	<u>3,793,024</u>
Total liabilities and fund balances	<u>\$ 3,831,063</u>	<u>\$ 113,289</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,061,398
Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	47,674
Deferred outflows related to the PERS pension plan	269,234
Deferred inflows related to the PERS pension plan	(743,911)
Long-term liabilities, including lease payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(1,044,416)</u>
Net position of governmental activities	<u>\$ 4,383,003</u>

**SPRING LAKE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local sources:			
Local tax levy	\$ 6,813,278	\$ -	\$ 6,813,278
Tuition charges	74,965	-	74,965
Interest on investments	5,871	-	5,871
Miscellaneous	217,640	56,717	274,357
Total - local sources	7,111,754	56,717	7,168,471
State sources	915,201	231,615	1,146,816
Federal sources	-	113,977	113,977
Total revenues	8,026,955	402,309	8,429,264
<b>EXPENDITURES</b>			
Current:			
Regular instruction	1,559,916	239,027	1,798,943
Special education instruction	416,173	-	416,173
Other special instruction	-	-	-
School sponsored/other instructional	58,103	-	58,103
Undistributed - current:			
Instruction	1,314,382	-	1,314,382
Attendance and social work services	55,791	-	55,791
Health services	166,242	-	166,242
Other support services	334,530	159,216	493,746
Improvement of instr. services	172,217	-	172,217
Educational media services	162,584	-	162,584
Instruction staff training	16,609	-	16,609
General administrative services	166,811	-	166,811
School administrative services	86,602	-	86,602
Central services	85,325	-	85,325
Admin. info. technology	16,830	-	16,830
Allowed maintenance for school facilities	52,707	-	52,707
Other operation & maintenance of plant	463,980	-	463,980
Student transportation services	583,217	-	583,217
Unallocated employee benefits	789,437	-	789,437
Non-budgeted expenditures	348,831	-	348,831
Special schools	10,879	-	10,879
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	61,438	1,304	62,742
Total expenditures	6,922,604	399,547	7,322,151
Excess (deficiency) of revenues over expenditures	1,104,351	2,762	1,107,113
Net change in fund balances	1,104,351	2,762	1,107,113
Fund balance—July 1	2,662,736	23,175	2,685,911
Fund balance—June 30	\$ 3,767,087	\$ 25,937	\$ 3,793,024

**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, 2022**

**Total net change in fund balances - governmental funds (from B-2)** **\$ 1,107,113**

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	(136,669)	
	Capital outlays	<u>32,445</u>	(104,224)

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

	Amortization Expense	(1,644)	
	Lease Asset Additions	<u>49,318</u>	47,674

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey

312,989

In the Statement of Activities, the principal payments on leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. (Amount is net of payments included in capital outlay)

(47,900)

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) 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, essentially, the amounts actually paid. This year, sick leave was increased.

(46,155)

**Change in net position of governmental activities** **\$ 1,269,497**

**SPRING LAKE SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<b>Business-type Activities - Enterprise Fund</b>		
	Food Service Program	After School Program	Total Enterprise
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,269	\$ 12,484	\$ 13,753
Receivable from state	-	-	-
Receivable from other governments	-	-	-
Total current assets	<u>1,269</u>	<u>12,484</u>	<u>13,753</u>
Noncurrent assets:			
Furniture, machinery and equipment	-	-	-
Less accumulated depreciation	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,269</u>	<u>\$ 12,484</u>	<u>\$ 13,753</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ -	-	\$ -
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Investment in capital assets	-	-	-
Unrestricted	1,269	12,484	13,753
Total net position	<u>1,269</u>	<u>12,484</u>	<u>13,753</u>
Total liabilities and net position	<u>\$ 1,269</u>	<u>\$ 12,484</u>	<u>\$ 13,753</u>

**SPRING LAKE SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Business-type Activities -</b>		
	<b>Enterprise Fund</b>		
	Food Service Program	After School Program	Total Enterprise
Operating revenues:			
Miscellaneous	\$ 1,820	\$ -	\$ 1,820
Total operating revenues	<u>1,820</u>	<u>-</u>	<u>1,820</u>
Operating expenses:			
Miscellaneous Expenses	2,160	-	2,160
Total operating expenses	<u>2,160</u>	<u>-</u>	<u>2,160</u>
Operating income (loss)	<u>(340)</u>	<u>-</u>	<u>(340)</u>
Non-operating revenues (expenses):			
Interest and investment revenue	1	-	1
Total non-operating revenues (expenses)	<u>1</u>	<u>-</u>	<u>1</u>
Change in net position	<u>(339)</u>	<u>-</u>	<u>(339)</u>
Total net position—beginning	1,608	12,484	14,092
Total net position—ending	<u>\$ 1,269</u>	<u>\$ 12,484</u>	<u>\$ 13,753</u>

**SPRING LAKE SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Business-type Activities -</b>		
	<b>Enterprise Funds</b>		
	Food Service Program	After School Program	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,820	\$ -	\$ 1,820
Payments to suppliers	(2,160)	-	(2,160)
Net cash provided by (used in) operating activities	<u>(340)</u>	<u>-</u>	<u>(340)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interest income	1	-	1
Net cash provided by (used in) non-capital financing activities	<u>1</u>	<u>-</u>	<u>1</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	-	-	-
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(339)	-	(339)
Balances—beginning of year	1,608	12,484	14,092
Balances—end of year	<u>\$ 1,269</u>	<u>\$ 12,484</u>	<u>\$ 13,753</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>			
Operating income (loss)	\$ (340)	\$ -	\$ (340)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	-
Total adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (340)</u>	<u>\$ -</u>	<u>\$ (340)</u>



Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**1. Summary of Significant Accounting Policies**

The financial statements of the Board of Education ("Board") of the Spring Lake Borough School District ("District") 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. Reporting Entity:**

The Spring Lake Borough 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 staggered terms. The purpose of the District is to educate students in grades PreK - 8. The Spring Lake Borough School District had an approximate enrollment of 152 students at June 30, 2022.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. 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, Basis of Accounting:**

The School District'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.

The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows as described in Note 11.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**District-Wide Financial Statements**

The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These Statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain 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 - governmental, 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 by Governmental Accounting Standards. 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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

The District reports the following governmental funds:

**General Fund** - The General Fund is the general operating fund of the District and 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 NJDOE, the District includes budgeted capital outlay in this Fund. Generally accepted accounting principles 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 Capital 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 all 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Proprietary Fund Financial Statements**

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 District reports the following proprietary funds:

**Enterprise Fund** - 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** - The Fiduciary Funds are used to account for assets held by the District on behalf of others if applicable .

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

**District-Wide, Proprietary, and Fiduciary Fund Financial Statements:** The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds are accounted for using the "economic resources" measurement focus and the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

**Governmental Fund Financial Statements:** Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds, proceeds of general long-term debt and acquisitions under capital releases are reported as other financing sources.

**Property Taxes:** Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable".

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for Special Revenue 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:23A-16.2(f). All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpected grant appropriation, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the 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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**C. Budgets/Budgetary Control (Continued):**

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. At June 30, 2022, there was a reconciling difference of \$(770,458) between the budgetary basis and GAAP basis in the General Fund and of \$(51,847) in the Special Revenue Fund.

**D. Encumbrance Accounting:**

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 District 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.

**E. 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.

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 District 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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**E. Cash, Cash Equivalents and Investments (Continued)**

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.

**F. Assets, Liabilities, and Equity:**

**Short-Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. All interfund receivables and payables between the governmental and proprietary funds have been eliminated in the district-wide statements.

**Interfund Transactions:**

Transfers between Governmental and Business-Type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventory:**

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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, and Equity (Continued)

**Prepaid items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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.

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent 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.

In addition to liabilities, the statement of net 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

**Capital Assets:**

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and improvements	20-50 years
Furniture and equipment	5-20 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.



Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**F. Assets, Liabilities, and Equity (Continued)**

**Capital Assets (Continued):**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Lease Assets**

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

**Compensated Absences:**

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and the employee is accrued as the 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 Policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District'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 benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the Enterprise Fund.

**Unearned Revenue:**

Unearned Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are also recorded as Unearned Revenue.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**F. Assets, Liabilities, and Equity (Continued)**

**Accrued Liabilities and Long-Term Obligations:**

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables are 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, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Lease Payable**

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

**Net Position:**

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, leased assets net of accumulated amortization, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

**Fund Balance Reserves:**

Governmental Accounting Standards established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. **Nonspendable** - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. **Restricted** - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. **Summary of Significant Accounting Policies (Continued)**

**F. Assets, Liabilities, and Equity (Continued)**

**Fund Balance Reserves (continued):**

3. Committed - includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.
5. Unassigned - includes all spendable amounts not contained in the other classifications.

**Revenues - Exchange and Nonexchange Transactions:**

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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. For the District available means within sixty days of the fiscal year-end.

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

**Tuition Revenue/Receivables:**

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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**1. Summary of Significant Accounting Policies (Continued)**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are royalties. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

**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. Employee Benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. 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 attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**G. Change in Accounting Principles:**

On June 30, 2022, the District implemented the Governmental Accounting Standards Boards (GASB) Statement No 87, Leases. GASB Statement 87 enhances the relevance and consistency of information of the district's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were reviewed for the District's June 30, 2022 financial statements. The District will review new leases annually to determine proper disclosure.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

H. GASB Pronouncements:

**Recently Issued Accounting Pronouncements to be implemented in future years**

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 100, *Accounting Changes and Error Corrections - An Amendment GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decision or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**2. Cash, Cash Equivalents and Investments**

Custodial Credit Risk is the Risk that, in the event of a bank failure, the Board's deposit might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2022, the Board's bank balances of \$3,409,777 were exposed to Custodial Credit Risk as follows:

	2022
Insured	\$ 3,303,041
Uninsured and Uncollateralized	<u>106,736</u>
	\$ <u>3,409,777</u>

Investments

All investments in the Fund are governed by the regulations of the Investment, Council, which prescribe specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investments' existence, the Division has never suffered a default of principal or interest on any short-term security held it by due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve 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, 2022, the District has \$949,992 on deposit with the New Jersey Management Fund.

Interest Rate Risk

The District does not have a policy to limit interest rate risk. The average maturity of the District's sole investment, the New Jersey Cash Management Fund (NJCMF), is less than one year.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District has an investment policy that further limits its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**3. Capital Reserve Account**

A Capital Reserve Account was established by the Spring Lake Borough School District 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 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The activity of the Capital Reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	1,268,008
Add:		
Increase per Resolution		1,000,000
Interest earnings		1,961
Less:		
Withdrawals		<u>          -</u>
Ending Balance, June 30, 2022	\$	<u>2,269,969</u>

**4. Maintenance Reserve Account**

A maintenance Reserve Account was established by the Spring Lake Borough School District by inclusion of \$250,723 for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The 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-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**4. Maintenance Reserve Account (Continued)**

The activity of the Maintenance Reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	249,977
Add:		
Interest Earned		746
Less:		
Withdrawals		<u>-</u>
Ending Balance, June 30, 2022	\$	<u>250,723</u>

**5. Emergency Reserve Account**

An Emergency Reserve Account was established by the Spring Lake Borough School District for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the Emergency Reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Balance, July 1, 2021	\$	67,592
Less:		
Withdrawals		<u>-</u>
Balance, June 30, 2022	\$	<u>67,592</u>



Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**6. Receivables**

Receivables at June 30, 2022, consisted of state aid, accrued interest, interfund, intergovernmental, and other. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivable follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
Property Taxes	\$ 567,773	\$ 567,773
State aid	324,603	324,603
Federal aid	61,120	61,120
Other	2,400	2,400
Interfunds	-	-
	<u>955,896</u>	<u>955,896</u>
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>
Total receivables, net	\$ <u>955,896</u>	\$ <u>955,896</u>

**7. Interfund Receivables and Payables**

As of June 30, 2022 there were no interfund balances.

**8. Capital Assets**

The District did not have its Fixed Assets appraised by an independent appraiser as of June 30, 2022. The valuation was not properly updated and did not include all the District's Capital Assets. As such, materially accurate asset valuation totals, accumulated depreciation expense and depreciation expense amounts were not ascertainable.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 492,117	\$ -	\$ -	\$ 492,117
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>492,117</u>	<u>-</u>	<u>-</u>	<u>492,117</u>
Capital assets being depreciated				
Building and building improvements	5,507,974	32,445	-	5,540,419
Furniture, equipment and vehicles	<u>963,674</u>	<u>-</u>	<u>-</u>	<u>963,674</u>
Totals at historical cost	<u>6,471,648</u>	<u>32,445</u>	<u>-</u>	<u>6,504,093</u>
Less accumulated depreciation for:				
Building and building improvements	(4,147,152)	(79,629)	-	(4,226,781)
Land improvements	-	-	-	-
Furniture, equipment and vehicles	<u>(650,991)</u>	<u>(57,040)</u>	<u>-</u>	<u>(708,031)</u>
Total accumulated depreciation	<u>(4,798,143)</u>	<u>(136,669)</u>	<u>-</u>	<u>(4,934,812)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>1,673,505</u>	<u>(104,224)</u>	<u>-</u>	<u>1,569,281</u>
Government activity capital assets, net	<u>\$ 2,165,622</u>	<u>\$ (104,224)</u>	<u>\$ -</u>	<u>\$ 2,061,398</u>

Depreciation expense was charged to functions as follows:

Operation and maintenance	\$ <u>136,669</u>
Total	\$ <u>136,669</u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**9. Lease Assets**

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Lease Assets Being Amortized:				
Building	\$ <u>      -</u>	\$ <u>49,318</u>	\$ <u>      -</u>	\$ <u>49,318</u>
Total Lease Assets Being Amortized	<u>          -</u>	<u>49,318</u>	<u>          -</u>	<u>49,318</u>
Governmental Activities Lease Assess	<u>          -</u>	<u>49,318</u>	<u>          -</u>	<u>49,318</u>
Less Accumulated Amortization for:				
Building	<u>          -</u>	<u>(1,644)</u>	<u>          -</u>	<u>(1,644)</u>
	<u>          -</u>	<u>(1,644)</u>	<u>          -</u>	<u>(1,644)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ <u>          -</u>	\$ <u>47,674</u>	\$ <u>          -</u>	\$ <u>47,674</u>

Amortization expense was charged to functions as follows:

Regular Instruction	\$ <u>1,644</u>
Total	\$ <u>1,644</u>

**10. Long-Term Obligations**

**A. Long-Term Obligation Activity:**

Changes in Long-Term Obligations for the year ended June 30, 2022, are as follows:

	<u>Balance July 1, 2021</u>	<u>Increases/ (Decreases)</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>				
Compensated				
Absences Payable	\$ 108,210	\$ 46,155	\$ 154,365	\$ -
Lease Liability	-	47,900	47,900	8,807
Pension Liability - PERS	<u>1,053,470</u>	<u>(211,319)</u>	<u>842,151</u>	<u>-</u>
	\$ <u>1,161,680</u>	\$ <u>(117,264)</u>	\$ <u>1,044,416</u>	\$ <u>8,807</u>

For governmental activities, compensated absences payable and pension liability - PERS are liquidated by the general fund.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**10. Long-Term Obligations (Cont'd)**

**A. Long-Term Obligation Activity (Cont'd):**

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 policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

**B. Bonds Payable:**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

There are no serial bonds outstanding at June 30, 2022.

**C. Bonds Authorized Not Issued:**

As of June 30, 2022, the Board had no bonds authorized.

**D. Leases Payable:**

The District had leases outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Copier	04/27/2022	Monthly	04/27/2027	6.00%	\$ 47,900

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 8,807	\$ 2,634
2024	9,350	2,091
2025	9,927	1,515
2026	10,539	902
2027	9,277	257
Total	<u>\$ 47,900</u>	<u>\$ 7,399</u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statement which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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.

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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At**

June 30, 2022, the School District reported a liability of \$842,151 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The School District's proportion measured as of June 30, 2021, was 0.0071088589%, which was a decrease of .00064878% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized full accrual pension expense of \$(62,130) in the government-wide financial statements consisting of employer contributions of \$83,803 and non-employer contributions of \$(145,933). This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,282	\$ 6,029
Changes of assumptions	4,386	299,811
Net difference between projected and actual earnings on pension plan investments	-	221,845
Changes in proportion and differences between District contributions and proportionate share of contributions	167,763	216,226
District contributions subsequent to the measurement date	83,803	-
Total	<u>\$ 269,234</u>	<u>\$ 743,911</u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

\$83,803 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (217,593)
2023	(155,361)
2024	(105,929)
2025	(79,628)
2026	30
Thereafter	-
Total	<u>\$ (558,481)</u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00
June 30, 2021	5.00	5.00

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 5,13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017 and 2016 amounts, respectively.



Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

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%
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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 is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the following table:

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**A. Public Employees' Retirement System (PERS) (cont'd)**

**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, 2021 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	1,159,064	842,151	589,801

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	1,164,738,169	234,758,377
Collective Deferred Inflows of Resources	8,339,123,762	7,849,949,467
Collective Net Pension Liability	11,972,782,878	16,435,616,426
School District's Portion	0.0071088589%	.0064600785%

**B. Teachers' Pension and Annuity (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which a State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statement which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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. Members are always 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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does 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 School District.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2021 was \$11,520,111. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0239626954%, which was a decrease of .0019071415% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized a pension expense in the amount of \$768,500 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2021 measurement date.

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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	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%

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 Healthy 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 future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
High Yield	2.00 %	3.75 %
Private Credit	8.00 %	7.60 %
Investment Grade Credit	8.00 %	1.68 %
Cash Equivalents	4.00 %	0.50 %
U.S. Treasuries	5.00 %	0.95 %
Risk Mitigation Strategies	3.00 %	3.35 %

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**B. Teachers' Pension and Annuity (TPAF) (cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions to the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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, 2021 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	13,655,960	11,520,111	9,766,167

**Pension Plan Fiduciary Net Position** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	6,373,530,834	9,626,548,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
School District's Portion	0.0239626954%	.0220555539%

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Pension Plans (cont'd)

**C. Defined Contribution Retirement Plan (DCRP)**

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2022 were \$5,643. There was no liability for unpaid contributions at June 30, 2022.

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the School District.

12. Post-Retirement Benefits

**General Information about the OPEB Plan**

**Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.



Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

12. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

Plan description and benefits provided (cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	150,427
Active plan members	<u>213,901</u>
Total	<u><u>364,328</u></u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

12. Post-Retirement Benefits (cont'd)

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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	2.5%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-4.45%
Thereafter	PERS 3.00%-7.00% PFRS - N/A TPAF 2.75%-5.65%
Discount Rate	2.16%
Healthcare Cost Trend Rates	4.5%-5.6%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

12. Post-Retirement Benefits (cont'd)

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount rate**

The discount rate for June 30, 2021 was 2.16%. 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 the total OPEB liability to changes in the discount rate**

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability of the State for School Retirees	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
Total OPEB Liability of the State Associated with the School District for School Retirees	\$18,691,451	\$15,604,258	\$13,173,278

**Sensitivity of the total OPEB liability to changes in the health care cost trend rates**

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

12. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates (cont'd)

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782
Total OPEB Liability of the State Associated with the School District for School Retirees	\$12,631,697	\$15,604,258	\$19,596,188

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at June 30, 2020	\$ 67,809,962,608
Changes for the year:	
Service cost	3,217,184,264
Interest on the total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Differences between expected and actual experience	(11,385,071,658)
Changes of assumptions	59,202,105
Gross benefit payments by the state	(1,226,213,382)
Contributions from members	<u>39,796,196</u>
Net changes	<u>(7,802,311,638)</u>
Balance at June 30, 2021	<u>\$ 60,007,650,970</u>

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of \$179,553 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 75 and in which there is a special funding situation.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

12. Post-Retirement Benefits (cont'd)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)**

In accordance with GASB 75, the Spring Lake Borough School District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,045,886,863	\$ 18,009,362,976
Changes of assumptions	10,179,536,966	6,438,261,807
Contributions made in fiscal year ending 2022 after June 30, 2021 measurement date	TBD	-
Total	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
Total	<u>\$ (5,222,200,954)</u>

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

13. Risk Management

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. See J-20.

**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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ -	\$ 8,652	\$ (18,726)	\$ 38,623
2021	-	8,161	(3,180)	48,697
2020	-	10,226	(4,079)	43,716

14. Deferred Compensation

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit 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:

AIGVALIC  
AXA Equitable

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**15. Contingent Liabilities**

**Grant Programs**

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

**16. Compensated Absences**

The District accounts for compensated absences (e.g., sick leave) as directed by Governmental Accounting Standards. A liability for compensated absences attributable to services already rendered and 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 sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions. The liability for vested compensated absences of the governmental fund types is recorded as a non-current liability in the governmental activities fund (see footnote 9).

**17. Fund Balance**

General Fund - of the \$3,767,087 General Fund balance at June 30, 2022, \$130,952 of encumbrances is assigned to other purposes, \$2,269,969 is restricted for capital reserve, \$250,723 is restricted for maintenance reserve, \$67,592 is restricted for emergency reserve, \$175,740 is restricted for excess surplus, \$288,851 is restricted for excess surplus for subsequent year expenditures, \$38,623 is restricted for unemployment compensation, \$100,801 has been classified as assigned fund balance designated for subsequent year expenditures, and \$443,836 is unassigned.

Special Revenue Fund - \$25,937 Special Revenue Fund balance at June 30, 2022, \$25,896 is restricted for student activities, and \$41 is restricted for scholarships activities.

Spring Lake Borough School District

Notes to Financial Statements

For the Year Ended June 30, 2022

**18. Calculation of Excess Surplus**

The Designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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, 2022 is \$175,740.

**19. Uncertain Tax Positions**

The school district had no unrecognized tax benefits at June 30, 2022. The school district files tax returns in the U.S. federal jurisdiction and New Jersey. The school district has no open year prior to June 30, 2019.

**20. Risks and Contingencies**

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on school district's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity and operations, suppliers, industry and workforce.

**21. Subsequent Events**

Management has evaluated subsequent events through February 16, 2023, the date the financial statements were available to be issued.

**22. Tax Abatement**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**23. Economic Dependency**

The School district receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the School District's programs and activities.



REQUIRED SUPPLEMENTARY INFORMATION - PART II

SPRING LAKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local tax levy	\$ 6,813,278	\$ -	\$ 6,813,278	\$ 6,813,278	\$ -
Tuition	105,000	-	105,000	74,965	(30,035)
Interest on investments	2,000	-	2,000	3,164	1,164
Interest earned on emergency reserve	50	(50)	-	-	-
Interest earned on maintenance reserve	450	(450)	-	746	746
Interest earned on capital reserve funds	1,000	(1,000)	-	1,961	1,961
Miscellaneous	-	-	-	217,640	217,640
<b>Total - local sources</b>	<b>6,921,778</b>	<b>(1,500)</b>	<b>6,920,278</b>	<b>7,111,754</b>	<b>191,476</b>
<b>State Sources:</b>					
Transportation aid	57,263	-	57,263	57,263	-
Special education aid	191,575	-	191,575	191,575	-
Extraordinary aid	100,000	-	100,000	291,053	191,053
Categorical Security	12,556	-	12,556	12,556	-
Non-public transportation aid	-	-	-	15,881	15,881
TPAF LTDI (on-behalf - Non-budgeted)	-	-	-	182	182
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	179,553	179,553
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	768,500	768,500
TPAF social security (reimbursed - Non-budgeted)	-	-	-	169,096	169,096
<b>Total state sources</b>	<b>361,394</b>	<b>-</b>	<b>361,394</b>	<b>1,685,659</b>	<b>1,324,265</b>
<b>Total Revenues</b>	<b>\$ 7,283,172</b>	<b>\$ (1,500)</b>	<b>\$ 7,281,672</b>	<b>\$ 8,797,413</b>	<b>\$ 1,515,741</b>
<b>EXPENDITURES:</b>					
<b>Current Expenditures:</b>					
<b>Regular Programs - Instruction</b>					
Preschool/Kindergarten - Salaries of teachers	\$ 209,784	\$ 2,630	\$ 212,414	\$ 206,306	\$ 6,108
Grades 1-5 - Salaries of teachers	741,873	38,107	779,980	769,330	10,650
Grades 6-8 - Salaries of teachers	547,568	-	547,568	453,072	94,496
<b>Regular Programs - Home Instruction:</b>					
Salaries of teachers	15,000	-	15,000	1,349	13,651
<b>Regular Programs - Undistributed Instruction</b>					
Other salaries for instruction	31,298	6,000	37,298	23,767	13,531
Purchased technical services	104,990	(24,054)	80,936	37,695	43,241
Other purchased services (400-500 series)	3,500	-	3,500	-	3,500
General supplies	85,601	42,298	127,899	61,284	66,615
Textbooks	35,459	-	35,459	-	35,459
Other objects - misc. exp.	16,000	-	16,000	7,113	8,887
<b>Total Regular Programs - Instruction</b>	<b>1,791,073</b>	<b>64,981</b>	<b>1,856,054</b>	<b>1,559,916</b>	<b>296,138</b>
<b>Special Education - Instruction</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of teachers	305,772	39,155	344,927	344,927	-
Other salaries for instruction	78,827	-	78,827	69,299	9,528
General supplies	2,000	-	2,000	1,947	53
Textbooks	2,500	-	2,500	-	2,500
Other objects - misc. exp.	300	-	300	-	300
<b>Total Resource Room/Resource Center</b>	<b>389,399</b>	<b>39,155</b>	<b>428,554</b>	<b>416,173</b>	<b>12,381</b>
<b>Total Special Education - Instruction</b>	<b>389,399</b>	<b>39,155</b>	<b>428,554</b>	<b>416,173</b>	<b>12,381</b>
<b>School Sponsored CoCurricular Act.-Instruction</b>					
Salaries	30,000	-	30,000	26,291	3,709
Supplies and Materials	600	-	600	30	570
<b>Total School Sponsored CoCurricular Act-Instruction</b>	<b>30,600</b>	<b>-</b>	<b>30,600</b>	<b>26,321</b>	<b>4,279</b>
<b>School Sponsored Athletics-Instruction</b>					
Salaries	20,050	-	20,050	19,607	443
Purchased Services (300-500) Series	5,500	-	5,500	4,174	1,326
Supplies and Materials	5,500	-	5,500	5,158	342
Other Objects	4,000	-	4,000	2,843	1,157
<b>Total School Sponsored Athletics-Instruction</b>	<b>35,050</b>	<b>-</b>	<b>35,050</b>	<b>31,782</b>	<b>3,268</b>
<b>Total Instruction</b>	<b>2,246,122</b>	<b>104,136</b>	<b>2,350,258</b>	<b>2,034,192</b>	<b>316,066</b>

SPRING LAKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to other LEAs within the state-regular	\$ 598,224	\$ (5,877)	\$ 592,347	\$ 577,894	\$ 14,453
Tuition to other LEAs within the state - special	277,680	(50,000)	227,680	227,118	562
Tuition to County Voc. School Dist-regular	82,620	-	82,620	34,425	48,195
Tuition to private schools for the disabled - Within state	660,920	(183,515)	477,405	474,945	2,460
Tuition - Other	66,830	(66,830)	-	-	-
<b>Total Undistributed Expenditures - Instruction:</b>	<b>1,686,274</b>	<b>(306,222)</b>	<b>1,380,052</b>	<b>1,314,382</b>	<b>65,670</b>
<b>Undist. Expend. - Attendance and social work services</b>					
Salaries	51,865	529	52,394	52,394	-
Purchased Professional and Technical Services	4,000	-	4,000	3,397	603
Supplies and Materials	1,000	-	1,000	-	1,000
<b>Total Undist. Expend.- Attendance and social work services</b>	<b>56,865</b>	<b>529</b>	<b>57,394</b>	<b>55,791</b>	<b>1,603</b>
<b>Undist. Expend. - Health Services</b>					
Salaries	85,652	2,118	87,770	87,770	-
Purchased professional and technical services	2,000	86,567	88,567	71,350	17,217
Other purchased services (400-500 series)	1,000	-	1,275	1,275	-
Supplies and materials	6,000	215	6,215	5,762	453
Other objects	200	-	200	85	115
<b>Total Undistributed Expenditures - Health Services</b>	<b>94,852</b>	<b>88,900</b>	<b>184,027</b>	<b>166,242</b>	<b>17,785</b>
<b>Undist. Expend. - Other Support Services - Students-Related Srvc</b>					
Salaries of other professional staff	72,906	-	72,906	72,796	110
Purchased professional - educational services	40,000	9,040	49,040	34,681	14,359
Supplies and materials	1,500	1,804	3,304	1,813	1,491
<b>Total Undist. Expend.-Other Support Srvc-Students-Related Srvc</b>	<b>114,406</b>	<b>10,844</b>	<b>125,250</b>	<b>109,290</b>	<b>15,960</b>
<b>Undist. Expend.- Other Support Services -Students-Extraordinary Srvc</b>					
Purchased professional - educational services	88,000	3,100	91,100	61,119	29,981
Supplies and materials	100	3,744	3,844	3,744	100
<b>Total Undist. Expend.-Othr Sprt Srvc Students-Extraordinary Srvc</b>	<b>88,100</b>	<b>6,844</b>	<b>94,944</b>	<b>64,863</b>	<b>30,081</b>
<b>Undist. Expend.- Child Study Team</b>					
Salaries of other professional staff	163,423	(40,000)	123,423	117,290	6,133
Salaries of secretarial and clerical assistants	15,000	-	15,000	-	15,000
Purchased professional - educational services	3,500	40,000	43,500	36,645	6,855
Other purchased services	7,140	2,332	9,472	5,483	3,989
Supplies and materials	2,000	-	2,000	959	1,041
Other Objects	100	-	100	-	100
<b>Total Undist. Expend. - Child Study Team</b>	<b>191,163</b>	<b>2,332</b>	<b>193,495</b>	<b>160,377</b>	<b>33,118</b>
<b>Undist. Expend. - Improvement of Instr. Serv / other supp serv - inst staff</b>					
Salaries Superv. Of Instr.	110,000	7,100	117,100	111,004	6,096
Sal Sec. & Clerical Asst	60,074	169	60,243	60,243	-
Other purchased services (400-500 series)	1,500	-	1,500	970	530
<b>Total Undist. Expend.-Imprvmt of Instr.-Srv/other supp srv-inst staff</b>	<b>171,574</b>	<b>7,269</b>	<b>178,843</b>	<b>172,217</b>	<b>6,626</b>
<b>Undist. Expend. - Educational Media Services/School Library</b>					
Salaries	93,948	-	93,948	92,495	1,453
Salaries of Technology Coordinators	23,000	40,828	63,828	62,962	866
Purchased professional and technical services	21,500	(21,500)	-	-	-
Other purchased services (400-500 series)	5,000	50	5,050	4,877	173
Supplies and materials	5,000	-	5,000	2,250	2,750
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<b>148,448</b>	<b>19,378</b>	<b>167,826</b>	<b>162,584</b>	<b>5,242</b>
<b>Undist. Expend. - Instruction Staff Training Services</b>					
Other salaries	4,000	-	4,000	3,200	800
Purchased professional - educational services	500	-	500	-	500
Other purchased services (400-500 series)	8,000	6,969	14,969	13,409	1,560
Supplies and materials	800	-	800	-	800
<b>Total Undist. Expend. - Instruction Staff Training Services</b>	<b>13,300</b>	<b>6,969</b>	<b>20,269</b>	<b>16,609</b>	<b>3,660</b>
<b>Undist. Expend. - Support Service - General Administration</b>					
Salaries	77,500	8,290	85,790	79,130	6,660
Legal services	19,000	22,800	41,800	36,271	5,529
Audit fees	16,000	4,650	20,650	20,650	-
Architectural/engineering services	4,000	(4,000)	-	-	-
Other purchased professional services	5,000	-	5,000	4,785	215
Purchased technical services	4,400	400	4,800	4,800	-
Communications/Telephone - Bus	16,000	(875)	15,125	13,612	1,513
BOE other purchased prof. svc.	400	2,300	2,700	2,620	80
Other purchased services (400-500 series)	375	336	711	657	54
General supplies	600	-	600	371	229
Membership Dues and Fees	4,000	-	4,000	3,915	85
<b>Total Undist. Expend. - Support Service - General Administration</b>	<b>147,275</b>	<b>33,901</b>	<b>181,176</b>	<b>166,811</b>	<b>14,365</b>
<b>Undist. Expend. - Support Service - School Administration</b>					
Salaries of principals/Assistant principals	71,295	8,911	80,206	80,206	-
Salaries of secretarial and clerical assistants	6,295	-	6,295	6,200	95
Supplies and materials	-	500	500	196	304
<b>Total Undist. Expend. - Support Service - School Administration</b>	<b>77,590</b>	<b>9,411</b>	<b>87,001</b>	<b>86,602</b>	<b>399</b>

SPRING LAKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Central Services</b>					
Salaries	\$ 97,100	\$ 1,273	\$ 98,373	\$ 83,400	\$ 14,973
Misc. Pur Serv (400-500 series)	225	990	1,215	1,215	-
Supplies and materials	-	710	710	710	-
<b>Total Undist. Expend. - Central Services</b>	<b>97,325</b>	<b>2,973</b>	<b>100,298</b>	<b>85,325</b>	<b>14,973</b>
<b>Undist. Expend. - Admin. Info. Technology</b>					
Purchased technical services	9,500	8,180	17,680	16,830	850
<b>Total Undist. Expend - Admin. Info. Technology</b>	<b>9,500</b>	<b>8,180</b>	<b>17,680</b>	<b>16,830</b>	<b>850</b>
<b>Undist. Expend. - Required Maintenance for School Facilities</b>					
Cleaning, repair and maintenance services	113,925	20,000	133,925	48,165	85,760
General supplies	7,500	-	7,500	3,917	3,583
Other Objects	1,250	-	1,250	625	625
<b>Total Undist. Expend. - Allowed Maintenance for School Facilities</b>	<b>122,675</b>	<b>20,000</b>	<b>142,675</b>	<b>52,707</b>	<b>89,968</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	225,032	4,627	229,659	229,659	-
Salaries - Non-Instructional Aides	11,481	-	11,481	1,123	10,358
Cleaning, repair and maintenance services - up keep	57,000	(23,000)	34,000	20,141	13,859
Insurance	47,000	3,908	50,908	50,908	-
General supplies	24,900	-	24,900	22,824	2,076
Energy (Heat and Electricity)	28,900	11,100	40,000	34,361	5,639
Energy (Natural Gas)	40,000	32,900	72,900	70,683	2,217
Other Objects	1,000	-	1,000	938	62
<b>Total Undist. Expend. - Custodial Services</b>	<b>435,313</b>	<b>29,535</b>	<b>464,848</b>	<b>430,637</b>	<b>34,211</b>
<b>Undist. Expend. - Care &amp; Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Services	22,800	2,405	25,205	13,509	11,696
General supplies	1,700	-	1,700	893	807
Other Objects	225	-	225	214	11
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds</b>	<b>24,725</b>	<b>2,405</b>	<b>27,130</b>	<b>14,616</b>	<b>12,514</b>
<b>Undist. Expend. - Security</b>					
Salaries	14,477	2,813	17,290	16,565	725
Cleaning, repair, and maintenance services	1,000	(242)	758	-	758
General supplies	1,200	442	1,642	1,567	75
Other Objects	-	595	595	595	-
<b>Total Undist. Expend. - Security</b>	<b>16,677</b>	<b>3,608</b>	<b>20,285</b>	<b>18,727</b>	<b>1,558</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Salaries for pupil transportation(between home and school)-Regular	5,315	645	5,960	5,960	-
Salaries for pupil transportation(between home and school)-Special	5,315	645	5,960	5,960	-
Salaries for pupil trans. (other than between home and school)	-	-	-	-	-
Contract services (other than between home & school) - Vendors	17,050	(5,000)	12,050	8,740	3,310
Contract services - (special education students) - Vendors	39,380	(33,380)	6,000	4,995	1,005
Contract services-(special education students)-Joint	1,885	-	1,885	-	1,885
Contract services-(special education students)-ESC's & CTSA's	194,500	215,562	410,062	377,953	32,109
Contract services-(regular students)ESC's & CTSA's	287,940	(145,262)	142,678	135,522	7,156
Aid in lieu of payments	54,000	-	54,000	44,087	9,913
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>605,385</b>	<b>33,210</b>	<b>638,595</b>	<b>583,217</b>	<b>55,378</b>
<b>Unallocated Employee Benefits</b>					
Social security contributions	70,000	-	70,000	70,000	-
Other retirement contributions - regular	7,200	-	7,200	5,643	1,557
P.E.R.S. Contribution	72,790	11,013	83,803	83,803	-
Unemployment Compensation	5,000	-	5,000	5,000	-
Workmen's compensation	42,500	-	42,500	35,284	7,216
Health benefits	785,000	(95,859)	689,141	580,969	108,172
Tuition reimbursement	14,000	-	14,000	8,369	5,631
Other employee benefits	2,000	-	2,000	-	2,000
Unused Sick Pay to Term/Retired Staff	15,000	369	15,369	369	15,000
<b>Total Unallocated Employee Benefits</b>	<b>1,013,490</b>	<b>(84,477)</b>	<b>929,013</b>	<b>789,437</b>	<b>139,576</b>
On-behalf TPAF LTDI (non-budgeted)	-	-	-	182	(182)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	179,553	(179,553)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	768,500	(768,500)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	169,096	(169,096)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,117,331</b>	<b>(1,117,331)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>1,013,490</b>	<b>(84,477)</b>	<b>929,013</b>	<b>1,906,768</b>	<b>(977,755)</b>
<b>Total Undistributed Expenditures</b>	<b>5,114,937</b>	<b>(104,136)</b>	<b>5,010,801</b>	<b>5,584,595</b>	<b>(573,794)</b>
<b>Total General Current Expenditures</b>	<b>7,361,059</b>	<b>-</b>	<b>7,361,059</b>	<b>7,618,787</b>	<b>(257,728)</b>

SPRING LAKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Capital Outlay</b>					
Interest	\$ 1,500	\$ (1,500)	\$ -	\$ -	\$ -
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	14,000	-	14,000	13,755	245
Construction Services	234,000	-	234,000	37,272	196,728
Debt Service Assessment	913	-	913	913	-
Other objects	19,200	-	19,200	9,498	9,702
<b>Total Facilities Acquisition and Construction Services</b>	<u>268,113</u>	<u>-</u>	<u>268,113</u>	<u>61,438</u>	<u>206,675</u>
Capital reserve - Transfer to	-	-	-	-	-
<b>Total Capital Outlay</b>	<u>269,613</u>	<u>(1,500)</u>	<u>268,113</u>	<u>61,438</u>	<u>206,675</u>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction</b>					
Salaries of teachers	10,000	-	10,000	7,736	2,264
Other salaries for instruction	2,000	-	2,000	1,000	1,000
<b>Total Summer School - Instruction</b>	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>8,736</u>	<u>3,264</u>
<b>Summer School - Support Services</b>					
Salaries	10,500	-	10,500	2,143	8,357
Purchased professional services	5,000	-	5,000	-	5,000
<b>Total Summer School - Support Services</b>	<u>15,500</u>	<u>-</u>	<u>15,500</u>	<u>2,143</u>	<u>13,357</u>
<b>Total Summer School</b>	<u>27,500</u>	<u>-</u>	<u>27,500</u>	<u>10,879</u>	<u>16,621</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>27,500</u>	<u>-</u>	<u>27,500</u>	<u>10,879</u>	<u>16,621</u>
<b>Total Expenditures</b>	<u>7,658,172</u>	<u>(1,500)</u>	<u>7,656,672</u>	<u>7,691,104</u>	<u>(34,432)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(375,000)	-	(375,000)	1,106,309	1,550,173
<b>Fund Balance, July 1</b>	2,686,827	-	2,686,827	2,686,827	-
<b>Fund Balance, June 30</b>	<u>\$ 2,311,827</u>	<u>\$ -</u>	<u>\$ 2,311,827</u>	<u>\$ 3,793,136</u>	<u>\$ 1,550,173</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital reserve				\$ 2,269,969	
Maintenance reserve				250,723	
Tuition reserve				67,592	
Unemployment compensation				38,623	
Excess surplus - Designated for subsequent year's expenditures				288,851	
Excess surplus - Current year				175,740	
Assigned Fund Balance:					
Year-end encumbrances				130,952	
Designated for subsequent year's expenditures				100,801	
Unassigned Fund Balance				<u>469,884.92</u>	
<b>Reconciliation to governmental funds statements (GAAP)</b>					
Fund balance per governmental funds (Budgetary)				3,793,136	
Last state aid payment not recognized on GAAP basis				(26,049)	
Fund balance per governmental funds (GAAP) - B-1				<u>3,767,087</u>	
Restricted fund balances				3,323,251	
Unrestricted fund balances				443,836	
<b>Fund balance per governmental funds (GAAP) - B-1</b>				<u>\$ 3,767,087</u>	

**SPRING LAKE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources	\$ 5,000	\$ 16,000	\$ 21,000	\$ 56,717	35,717
State sources	180,117	50,328	230,445	231,615	1,170
Federal sources	171,045	315,832	486,877	165,824	(321,053)
<b>Total Revenues</b>	<u>356,162</u>	<u>382,160</u>	<u>738,322</u>	<u>454,156</u>	<u>(284,166)</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Salaries of teachers	62,489	1,511	64,000	14,290	49,710
Other salaries for instruction	-	5,732	5,732	6,004	(272)
Purchased professional services	178,632	19,899	198,531	180,287	18,244
General supplies	7,197	41,592	48,789	38,217	10,572
Textbook	14,903	1,663	16,566	16,566	-
<b>Total instruction</b>	<u>263,221</u>	<u>70,397</u>	<u>333,618</u>	<u>255,364</u>	<u>78,254</u>
<b>Support services:</b>					
Salaries of program director	-	-	-	-	-
Personal services	-	-	-	-	-
Purchased professional services	79,441	66,562	146,003	85,035	60,968
Other purchased professional services	-	67,395	67,395	55,736	11,659
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Employee Benefits	-	10,800	10,800	-	10,800
Miscellaneous purchased services (400-500 series)	-	-	-	-	-
Miscellaneous expenditures	8,500	(8,500)	-	-	-
Supplies & materials	-	3,400	3,400	955	2,445
Scholarships Awarded	-	-	-	100	(100) Note 1
Student activities	5,000	-	5,000	52,900	(47,900) Note 1
<b>Total support services</b>	<u>92,941</u>	<u>139,657</u>	<u>232,598</u>	<u>194,726</u>	<u>37,872</u>
<b>Facilities acquisition and const. serv.:</b>					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	160,518	160,518	1,304	159,214
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>160,518</u>	<u>160,518</u>	<u>1,304</u>	<u>159,214</u>
<b>Total expenditures</b>	<u>356,162</u>	<u>370,572</u>	<u>726,734</u>	<u>451,394</u>	<u>275,340</u>
<b>Total outflows</b>	<u>356,162</u>	<u>370,572</u>	<u>726,734</u>	<u>451,394</u>	<u>275,340</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 11,588</u>	<u>\$ 11,588</u>	<u>\$ 2,762</u>	<u>\$ (8,826)</u>
<b>Fund Balance, July 1</b>				<u>23,175</u>	
<b>Fund Balance, June 30</b>				<u>\$ 25,937</u>	
<b>Recapitulation:</b>					
<b>Restricted:</b>					
Scholarships				\$ 41	
Student Activities				25,896	
<b>Total Fund Balance</b>				<u>\$ 25,937</u>	

Note 1 - Not required to budget for these funds.

**SPRING LAKE SCHOOL DISTRICT  
Required Supplementary Information  
Budget-to-GAAP Reconciliation  
Note to Required Supplementary Information  
For the Year Ended June 30, 2022**

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

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	<b>[C-1]</b>	\$ 8,797,413	<b>[C-2]</b>	\$ 454,156
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(51,847)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(768,500)		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(26,049)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		24,091		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<b>[B-2]</b>	\$ 8,026,955	<b>[B-2]</b>	\$ 402,309
 <b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<b>[C-1]</b>	\$ 7,691,104	<b>[C-2]</b>	\$ 451,394
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(768,500)		-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		(51,847)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<b>[B-2]</b>	\$ 6,922,604	<b>[B-2]</b>	\$ 399,547

REQUIRED SUPPLEMENTARY INFORMATION - PART III



**SPRING LAKE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability-PERS  
For the Year Ended June 30, 2022**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension liability	0.3908130880%	0.0081188110%	0.0075783525%	0.0079514832%	0.0071736861%	0.0076599757%	0.0064600785%	0.0071088589%
District's proportionate share of the net pension liability	\$ 1,700,269	\$ 1,822,510	\$ 2,244,491	\$ 1,850,978	\$ 1,412,463	\$ 1,380,211	\$ 1,053,470	\$ 842,151
District's covered-employee payroll	\$ -	\$ 519,224	\$ 535,612	\$ 510,700	\$ 539,831	\$ 494,265	\$ 525,322	\$ 484,413
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	327.45%	351.01%	419.05%	362.44%	261.65%	279.25%	200.54%	173.85%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	43.78%	41.35%	70.33%

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available

**SPRING LAKE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of District Contributions-PERS  
For the Year Ended June 30, 2022**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions	\$ 74,865	\$ 69,800	\$ 67,325	\$ 73,662	\$ 71,355	\$ 74,964	\$ 70,670	\$ 83,803
Contributions in relation to the contractually required contribution	<u>74,865</u>	<u>69,800</u>	<u>67,325</u>	<u>73,662</u>	<u>71,355</u>	<u>74,964</u>	<u>70,670</u>	<u>83,803</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 519,224	\$ 535,612	\$ 510,700	\$ 539,831	\$ 494,264	\$ 525,322	\$ 484,413	\$ 449,416
Contributions as a percentage of covered-employee payroll	14.42%	13.03%	13.18%	13.65%	14.44%	14.27%	14.59%	18.65%

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend in compiled governments should present information for those years for which information is available.

**SPRING LAKE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability-TPAF  
For the Year Ended June 30, 2022**

**Last 10 Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the net pension liability associated with the District	0.0206392045%	0.0215915829%	0.0252792630%	0.0219746275%	0.0232018459%	0.0197985518%	0.0220555539%	0.0239626954%
State's proportionate share of the net pension liability associated with the District	\$ 11,737,963	\$ 13,646,802	\$ 19,866,278	\$ 14,816,086	\$ 14,760,516	\$ 12,150,558	\$ 14,523,317	\$ 11,520,111
District's covered-employee payroll	2,375,076	2,362,221	2,362,221	2,250,323	2,465,704	2,351,044	2,220,224	2,288,188
Proportionate share of the net pension liability as a percentage of District's covered-employee payroll	494.21%	577.71%	841.00%	658.40%	598.63%	516.82%	654.14%	503.46%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	25.41%	25.41%	26.49%	29.95%	24.60%	35.52%

The District has a special funding situation and is not required to make any payments for this liability therefore it is not recorded on the ACFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

**SPRING LAKE SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**  
**(Unaudited)**

**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the OPEB liability associated with the District					
Service cost	\$ 538,624	\$ 447,743	\$ 331,515	\$ 375,444	\$ 682,169
Interest cost	367,457	427,820	399,261	332,538	353,701
Changes of benefit terms	-	-	-	-	(14,513)
Differences between expected and actual experiences	-	(962,901)	(1,458,714)	3,053,120	(2,734,702)
Changes in assumptions	(1,498,005)	(1,161,534)	138,011	2,850,362	13,452
Member contributions	9,921	9,354	8,423	8,234	9,042
Gross benefit payments	<u>(269,423)</u>	<u>(270,655)</u>	<u>(284,138)</u>	<u>(271,657)</u>	<u>(278,617)</u>
Net change in total OPEB liability	(851,426)	(1,510,173)	(865,642)	6,348,041	(1,969,468)
Total State's OPEB liability - beginning	<u>12,483,458</u>	<u>11,632,032</u>	<u>10,121,859</u>	<u>9,256,217</u>	<u>15,604,258</u>
Total State's OPEB liability - ending	<u>\$ 11,632,032</u>	<u>\$ 10,121,859</u>	<u>\$ 9,256,217</u>	<u>\$ 15,604,258</u>	<u>\$ 13,634,790</u>
District's covered employee payroll	<u>\$ 2,790,154</u>	<u>\$ 2,959,968</u>	<u>\$ 2,876,366</u>	<u>\$ 2,876,366</u>	<u>\$ 3,158,195</u>
Total State's OPEB liability as a percentage of covered employee payroll	24%	29%	31%	18%	432%

\* The schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled governments should present information for those years for which information is available.

Spring Lake Borough School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2022

**Teachers Pension and Annuity Fund (TPAF)**

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

**Public Employees' Retirement System (PERS)**

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2020, to 7.00% as of June 30, 2021.

**State Health Benefit Local Education Retired Employees Plan (OPEB)**

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

## OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules  
Not Applicable

E. Special Revenue Fund



**SPRING LAKE SCHOOL DISTRICT**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Nonpublic Textbook 21/22	Nonpublic Nursing Aid 21/22	Nonpublic Security Aid 21/22	Nonpublic Technology Aid 21/22	Chapter 192/193 21/22	Scholarship Fund	Student Activities
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,762
State sources	16,566	30,912	48,144	11,592	123,075	-	-
Federal sources	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>16,566</u>	<u>30,912</u>	<u>48,144</u>	<u>11,592</u>	<u>123,075</u>	<u>-</u>	<u>55,762</u>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of teachers	-	-	-	-	-	-	-
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	123,075	-	-
General supplies	-	-	-	11,592	-	-	-
Tuition	-	-	-	-	-	-	-
Textbooks	16,566	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total instruction</b>	<u>16,566</u>	<u>-</u>	<u>-</u>	<u>11,592</u>	<u>123,075</u>	<u>-</u>	<u>-</u>
<b>Support services:</b>							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	-
Personal Services	-	-	-	-	-	-	-
Purchased professional services	-	30,912	48,144	-	-	-	-
Other purchased professional services	-	-	-	-	-	-	-
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	100	-
Student activities	-	-	-	-	-	-	52,900
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total other support services - students - special</b>	<u>-</u>	<u>30,912</u>	<u>48,144</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>52,900</u>
<b>Total support services</b>	<u>-</u>	<u>30,912</u>	<u>48,144</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>52,900</u>
<b>Equipment:</b>							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 16,566</u>	<u>\$ 30,912</u>	<u>\$ 48,144</u>	<u>\$ 11,592</u>	<u>\$ 123,075</u>	<u>\$ 100</u>	<u>\$ 52,900</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	-	-	-	-	-	(100)	2,862
<b>Fund Balance, July 1</b>	-	-	-	-	-	141	23,034
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 25,896</u>

**SPRING LAKE SCHOOL DISTRICT**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Nonpublic Home Instruction 21/22	IDEA Preschool 21/22	IDEA Basic 21/22	Title I 21/22	Title II 21/22	Title IV 21/22	ARP - IDEA Preschool 21/22
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,326	-	-	-	-	-	-
Federal sources	-	3,989	98,248	16,162	5,979	7,585	689
<b>Total revenues</b>	<u>1,326</u>	<u>3,989</u>	<u>98,248</u>	<u>16,162</u>	<u>5,979</u>	<u>7,585</u>	<u>689</u>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of teachers	-	-	-	6,290	-	-	-
Other salaries/instruction	1,326	3,989	-	-	-	-	689
Purchased professional services	-	-	54,743	-	-	-	-
General supplies	-	-	-	9,872	-	7,585	-
Tuition	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total instruction</b>	<u>1,326</u>	<u>3,989</u>	<u>54,743</u>	<u>16,162</u>	<u>-</u>	<u>7,585</u>	<u>689</u>
<b>Support services:</b>							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	-
Personal Services	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	5,979	-	-
Other purchased professional services	-	-	43,505	-	-	-	-
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-
Scholarships Awarded	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total other support services - students - special</b>	<u>-</u>	<u>-</u>	<u>43,505</u>	<u>-</u>	<u>5,979</u>	<u>-</u>	<u>-</u>
<b>Total support services</b>	<u>-</u>	<u>-</u>	<u>43,505</u>	<u>-</u>	<u>5,979</u>	<u>-</u>	<u>-</u>
<b>Equipment:</b>							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
<b>Total equipment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>\$ 1,326</u>	<u>\$ 3,989</u>	<u>\$ 98,248</u>	<u>\$ 16,162</u>	<u>\$ 5,979</u>	<u>\$ 7,585</u>	<u>\$ 689</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SPRING LAKE SCHOOL DISTRICT**  
**Combining Schedules of Program Revenues and Expenditures - Budgetary Basis**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	ARP - IDEA Basic 21/22	ESSER II 21/22	ESSER II LA 21/22	ESSER II MH 21/22	CARES Act 21/22	Local 21/22	TOTAL
<b>Revenues:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 955	\$ 56,717
State sources	-	-	-	-	-	-	231,615
Federal sources	11,012	1,304	399	1,219	19,238	-	165,824
<b>Total revenues</b>	<u>11,012</u>	<u>1,304</u>	<u>399</u>	<u>1,219</u>	<u>19,238</u>	<u>955</u>	<u>454,156</u>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Salaries of teachers	-	-	-	-	8,000	-	14,290
Other salaries/instruction	-	-	-	-	-	-	6,004
Purchased professional services	-	-	399	-	2,070	-	180,287
General supplies	-	-	-	-	9,168	-	38,217
Tuition	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	16,566
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total instruction</b>	<u>-</u>	<u>-</u>	<u>399</u>	<u>-</u>	<u>19,238</u>	<u>-</u>	<u>255,364</u>
<b>Support services:</b>							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	-
Personal Services	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	85,035
Other purchased professional services	11,012	-	-	1,219	-	-	55,736
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	955	955
Scholarships Awarded	-	-	-	-	-	-	100
Student activities	-	-	-	-	-	-	52,900
Miscellaneous expenses	-	-	-	-	-	-	-
<b>Total other support services - students - special</b>	<u>11,012</u>	<u>-</u>	<u>-</u>	<u>1,219</u>	<u>-</u>	<u>955</u>	<u>194,726</u>
<b>Total support services</b>	<u>11,012</u>	<u>-</u>	<u>-</u>	<u>1,219</u>	<u>-</u>	<u>955</u>	<u>194,726</u>
<b>Equipment:</b>							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	1,304	-	-	-	-	1,304
<b>Total equipment</b>	<u>-</u>	<u>1,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,304</u>
<b>Total expenditures</b>	<u>\$ 11,012</u>	<u>\$ 1,304</u>	<u>\$ 399</u>	<u>\$ 1,219</u>	<u>\$ 19,238</u>	<u>\$ 955</u>	<u>\$ 451,394</u>
<b>Excess (deficiency) of revenues Over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,762</u>
<b>Fund Balance, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,175</u>
<b>Fund Balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,937</u>

F. Capital Projects Fund  
Not Applicable

G. Proprietary Funds  
See B-4 through B-6

H. Fiduciary Funds  
Not Applicable

## I. Long-Term Debt

**SPRING LAKE SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Leases**  
**June 30, 2022**

<u>Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
Copier	6.00%	\$ 49,318	\$ -	\$ 49,318	\$ 1,418	\$ 47,900
			<u>\$ -</u>	<u>\$ 49,318</u>	<u>\$ 1,418</u>	<u>\$ 47,900</u>



## STATISTICAL SECTION

**Spring Lake Board of Education  
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p><b>Financial Trends</b>            These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	100-104
<p><b>Revenue Capacity</b>            These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	105-108
<p><b>Debt Capacity</b>            These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	109-112
<p><b>Demographic and Economic Information</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	113-114
<p><b>Operating Information</b>            These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	115-119

*Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

**SPRING LAKE SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(accrual basis of accounting)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net capital assets	\$ 1,357,025	\$ 1,480,050	\$ 1,885,544	\$ 1,919,033	\$ 1,974,096	\$ 2,022,208	\$ 2,106,948	\$ 2,164,643	\$ 2,165,622	\$ 2,061,172
Restricted	3,278,196	2,352,821	2,325,909	2,413,901	2,147,968	2,245,172	2,053,351	1,744,191	2,178,733	3,091,539
Unrestricted	86,569	713,715	(1,377,073)	(1,450,043)	(1,318,971)	(1,524,012)	(1,426,757)	(1,381,077)	(1,230,849)	(769,708)
<b>Total governmental activities net position</b>	<b>\$ 4,721,790</b>	<b>\$ 4,546,586</b>	<b>\$ 2,834,380</b>	<b>\$ 2,882,891</b>	<b>\$ 2,803,093</b>	<b>\$ 2,743,368</b>	<b>\$ 2,733,542</b>	<b>\$ 2,527,757</b>	<b>\$ 3,113,506</b>	<b>\$ 4,383,003</b>
<b>Business-type activities</b>										
Net capital assets	\$ -	\$ -	\$ 2,041	\$ 1,668	\$ 1,294	\$ 921	\$ 548	\$ 175	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,230	2,403	1,116	469	1,218	5,038	7,743	14,051	14,092	13,753
<b>Total business-type activities net position</b>	<b>\$ 3,236</b>	<b>\$ 2,403</b>	<b>\$ 3,157</b>	<b>\$ 2,137</b>	<b>\$ 2,512</b>	<b>\$ 5,959</b>	<b>\$ 8,291</b>	<b>\$ 14,226</b>	<b>\$ 14,092</b>	<b>\$ 13,753</b>
<b>District-wide</b>										
Net capital assets	\$ 1,357,025	\$ 1,480,050	\$ 1,887,585	\$ 1,920,701	\$ 1,975,390	\$ 2,023,129	\$ 2,107,496	\$ 2,164,818	\$ 2,165,622	\$ 2,061,172
Restricted	3,278,196	2,352,821	2,325,909	2,413,901	2,147,968	2,245,172	2,053,351	1,744,191	2,178,733	3,091,539
Unrestricted	90,799	716,118	(1,375,957)	(1,449,574)	(1,317,753)	(1,518,974)	(1,419,014)	(1,367,026)	(1,216,757)	(755,955)
<b>Total district net position</b>	<b>\$ 4,726,020</b>	<b>\$ 4,548,989</b>	<b>\$ 2,837,537</b>	<b>\$ 2,885,028</b>	<b>\$ 2,805,605</b>	<b>\$ 2,749,327</b>	<b>\$ 2,741,833</b>	<b>\$ 2,541,983</b>	<b>\$ 3,127,598</b>	<b>\$ 4,396,756</b>

Source: ACFR Schedule A-1 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

**SPRING LAKE SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(accrual basis of accounting)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 2,119,383	\$ 1,693,205	\$ 1,668,325	\$ 1,720,469	\$ 1,732,162	\$ 1,812,584	\$ 1,730,369	\$ 1,613,132	\$ 1,708,223	\$ 1,798,943
Special education	397,754	569,875	570,168	517,204	455,714	455,661	696,823	710,212	718,388	416,173
Other special education	145,392	68,236	67,903	71,046	71,802	84,680	60,046	63,854	36,903	58,103
Support Services:										
Tuition	1,126,132	1,256,070	1,434,110	1,564,872	1,535,683	1,586,365	1,740,896	1,958,570	1,563,259	1,314,382
Student & Instruction Related Services	1,194,607	1,132,302	1,090,409	911,439	947,424	1,004,188	882,153	890,056	783,173	-
School Administrative services	76,368	86,258	77,832	75,401	78,666	81,527	85,252	73,063	80,014	55,791
General administration Services	197,461	156,136	153,494	167,754	151,317	191,475	185,980	244,863	222,418	166,242
Central Service & Admin Info Technology	165,753	153,619	147,657	138,969	154,123	174,815	129,372	135,943	102,705	172,217
Plant operations and maintenance	667,272	514,555	605,381	493,465	590,191	450,209	541,092	612,035	550,280	162,584
Special Education Support Services	-	-	-	-	-	-	-	61,338	133,021	16,609
Pupil transportation	205,282	341,177	320,422	409,214	429,919	414,654	514,386	406,497	434,392	86,602
Summer Support Services	-	-	-	-	31,477	16,108	20,794	23,536	14,970	166,811
Unallocated benefits	607,334	1,292,314	1,915,052	2,171,428	2,882,869	2,936,022	2,525,054	1,953,481	2,416,971	83,418
Capital Outlay-Undepreciable	592	1,285	3,953	-	913	4,813	9,932	9,932	913	685,297
Capital Leases	-	-	-	34,882	-	-	-	-	-	16,830
Interest on Long Term Debt	43,963	38,330	33,843	28,480	22,791	17,009	10,945	4,392	-	583,217
Unallocated Depreciation	166,329	150,724	154,355	170,153	166,536	186,047	190,288	198,347	213,287	437,984
Special Schools	-	-	-	-	-	-	-	-	-	10,879
Unallocated employee benefits	-	-	-	-	-	-	-	-	-	522,603
Total governmental activities expenses	<u>7,113,622</u>	<u>7,454,086</u>	<u>8,242,904</u>	<u>8,474,776</u>	<u>9,251,587</u>	<u>9,416,157</u>	<u>9,323,382</u>	<u>8,959,251</u>	<u>8,978,917</u>	<u>6,755,174</u>
Business-type activities:										
Food Service	4,791	6,774	3,044	5,064	2,533	2,615	3,070	2,125	210	2,160
After School Program	-	-	-	-	-	13,609	25,357	9,405	-	-
Total business-type activities expense	<u>4,791</u>	<u>6,774</u>	<u>3,044</u>	<u>5,064</u>	<u>2,533</u>	<u>16,224</u>	<u>28,427</u>	<u>11,530</u>	<u>210</u>	<u>2,160</u>
Total district expenses	<u>\$ 7,118,413</u>	<u>\$ 7,460,860</u>	<u>\$ 8,245,948</u>	<u>\$ 8,479,840</u>	<u>\$ 9,254,120</u>	<u>\$ 9,432,381</u>	<u>\$ 9,351,809</u>	<u>\$ 8,970,781</u>	<u>\$ 8,979,127</u>	<u>\$ 6,757,334</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(6,785,211)	(7,142,985)	(7,941,059)	(8,168,239)	(9,004,446)	(9,097,307)	(9,022,690)	(8,658,152)	(8,512,118)	(6,755,174)
Business-type activities	994	(1,827)	754	(1,019)	375	3,447	2,332	5,955	(134)	(2,160)
Total district-wide net expense	<u>\$ (6,784,217)</u>	<u>\$ (7,144,812)</u>	<u>\$ (7,940,305)</u>	<u>\$ (8,169,258)</u>	<u>\$ (9,004,071)</u>	<u>\$ (9,093,860)</u>	<u>\$ (9,020,358)</u>	<u>\$ (8,652,197)</u>	<u>\$ (8,512,252)</u>	<u>\$ (6,757,334)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 5,894,453	\$ 5,953,397	\$ 6,072,464	\$ 6,253,913	\$ 6,378,991	\$ 6,363,044	\$ 6,420,305	\$ 6,548,711	\$ 6,679,985	\$ 6,813,278
Taxes levied for debt service	142,009	127,242	138,636	134,943	131,083	123,635	116,163	111,528	-	-
Unrestricted grants and contributions	826,949	753,768	1,363,533	1,702,520	2,191,091	2,342,460	2,172,229	1,762,151	2,193,436	911,962
Tuition Received	3,240	2,411	-	99,289	123,525	151,647	138,281	106,987	104,785	-
Investment earnings	-	-	-	-	-	-	-	-	-	5,871
Miscellaneous income	36,257	130,963	126,986	26,085	99,958	56,796	165,886	132,285	56,028	293,560
Total governmental activities	<u>6,902,908</u>	<u>6,967,781</u>	<u>7,701,619</u>	<u>8,216,750</u>	<u>8,924,648</u>	<u>9,037,582</u>	<u>9,012,864</u>	<u>8,661,662</u>	<u>9,034,234</u>	<u>8,024,671</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	1
Miscellaneous income	-	-	-	-	-	-	-	-	-	1,820
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,821</u>
Total district-wide	<u>\$ 6,902,908</u>	<u>\$ 6,967,781</u>	<u>\$ 7,701,619</u>	<u>\$ 8,216,750</u>	<u>\$ 8,924,648</u>	<u>\$ 9,037,582</u>	<u>\$ 9,012,864</u>	<u>\$ 8,661,662</u>	<u>\$ 9,034,234</u>	<u>\$ 8,026,492</u>
<b>Change in Net Position</b>										
Governmental activities	117,697	(175,204)	(239,440)	48,511	(79,798)	(59,725)	(9,826)	3,510	522,116	1,269,497
Business-type activities	994	(1,827)	754	(1,019)	375	3,447	2,332	5,955	(134)	(339)
Total district	<u>\$ 118,691</u>	<u>\$ (177,031)</u>	<u>\$ (238,686)</u>	<u>\$ 47,492</u>	<u>\$ (79,423)</u>	<u>\$ (56,278)</u>	<u>\$ (7,494)</u>	<u>\$ 9,465</u>	<u>\$ 521,982</u>	<u>\$ 1,269,158</u>

Source: ACFR Schedule A-2 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

**SPRING LAKE SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	2013		2014		2015		2016		Fiscal Year Ending June 30,		2019		2020		2021		2022		
									2017	2018									
General Fund																			
Restricted	\$ 2,941,884	\$ 2,352,797	\$ 2,061,452	\$ 2,310,876	\$ 2,147,968	\$ 1,995,426	\$ 1,859,819	\$ 1,744,191	\$ 2,178,733	\$ 2,802,647									
Assigned	321,315	618,760	264,451	103,019	258,373	249,746	193,532	57,335	124,141	520,604									
Unassigned	312,847	306,160	349,697	305,847	296,194	370,193	442,135	418,736	383,037	443,836									
Total general fund	<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>	<u>\$ 2,685,911</u>	<u>\$ 3,767,087</u>									
All Other Governmental Funds																			
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,175.00	\$ 25,937									
Unreserved, reported in:																			
Capital projects fund	14,966	-	-	-	-	-	-	-	-	-									
Debt service fund	86	14,997	24	6	6	-	-	-	-	-									
Total all other governmental funds	<u>\$ 15,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,937</u>									

Source: ACFR Schedule B-1 and District records.

**SPRING LAKE SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Tax levy	\$ 6,036,462	\$ 6,080,639	\$ 6,211,100	\$ 6,388,856	\$ 6,510,074	\$ 6,486,679	\$ 6,536,468	\$ 6,660,239	\$ 6,679,985	\$ 6,813,278
Tuition charges	-	-	-	-	-	-	-	-	-	74,965
Interest earnings	-	-	-	-	-	-	-	-	-	5,871
Other local revenue	77,881	133,374	126,986	125,374	223,483	208,443	304,167	239,272	160,813	274,357
State sources	980,410	920,963	1,017,438	1,222,531	1,094,595	1,322,438	1,443,399	1,495,448	1,780,995	1,146,816
Federal sources	136,566	143,906	133,059	146,058	96,630	137,766	245,231	134,209	230,289	113,977
<b>Total revenue</b>	<b>7,231,319</b>	<b>7,278,882</b>	<b>7,488,583</b>	<b>7,882,819</b>	<b>7,924,782</b>	<b>8,155,326</b>	<b>8,529,265</b>	<b>8,529,168</b>	<b>8,852,082</b>	<b>8,429,264</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,721,386	1,706,045	1,677,328	1,748,595	1,748,948	1,854,072	1,733,509	1,609,597	1,708,223	1,798,943
Special education instruction	308,207	569,875	570,168	517,204	455,714	455,661	696,823	710,212	718,388	416,173
Other instruction	145,392	68,236	67,903	71,046	71,802	84,680	60,046	63,854	36,903	58,103
<b>Support Services:</b>										
Instruction - Tuition	1,126,132	1,256,070	1,434,110	1,564,872	1,535,683	1,586,365	1,740,896	1,958,570	1,563,259	1,314,382
Student & inst. related services	1,040,772	1,132,302	1,090,409	911,439	947,424	1,004,188	882,153	890,056	783,173	573,443
General administration	182,773	156,136	153,494	167,754	151,317	199,425	193,933	252,816	172,676	166,811
School administrative services	76,368	86,258	77,832	75,401	78,666	81,527	85,252	73,063	80,014	86,602
Special education	-	-	-	-	-	-	-	61,338	133,021	85,325
Central services	152,006	153,619	147,657	138,969	154,123	174,815	129,372	135,943	152,447	-
Admin. information technology	-	-	-	-	-	-	-	-	-	16,830
Plant operations and maintenance	531,874	514,555	605,381	493,465	590,191	450,209	541,092	612,035	550,280	516,687
Pupil transportation	205,282	341,177	320,422	409,214	429,919	414,654	514,386	406,497	434,392	583,217
Other Support Services	-	-	-	-	-	-	-	-	-	493,746
Employee benefits	1,392,028	1,292,314	1,346,805	1,477,386	1,501,807	1,671,073	1,760,982	1,770,439	1,887,142	-
Capital outlay	102,603	110,034	398,802	39,470	55,449	71,019	122,007	75,296	215,178	1,138,268
Summer support services	-	-	-	28,818	31,477	16,108	20,794	23,536	14,970	10,879
<b>Debt service:</b>										
Principal	160,000	165,000	165,000	165,000	165,000	160,000	155,000	155,000	-	-
Interest and other charges	45,363	40,563	35,407	30,044	24,475	18,700	12,900	6,200	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	62,742
<b>Total expenditures</b>	<b>7,190,186</b>	<b>7,592,184</b>	<b>8,090,718</b>	<b>7,838,677</b>	<b>7,941,995</b>	<b>8,242,496</b>	<b>8,649,145</b>	<b>8,804,452</b>	<b>8,450,066</b>	<b>7,322,151</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>41,133</b>	<b>(313,302)</b>	<b>(602,135)</b>	<b>44,142</b>	<b>(17,213)</b>	<b>(87,170)</b>	<b>(119,880)</b>	<b>(275,284)</b>	<b>402,016</b>	<b>1,107,113</b>
<b>Other Financing sources (uses)</b>										
Transfers in	14,966	-	-	-	-	-	-	-	-	-
Transfers out	(14,966)	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 41,133</b>	<b>\$ (313,302)</b>	<b>\$ (602,135)</b>	<b>\$ 44,142</b>	<b>\$ (17,213)</b>	<b>\$ (87,170)</b>	<b>\$ 645,657</b>	<b>\$ (275,284)</b>	<b>\$ 402,016</b>	<b>\$ 1,107,113</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.23%</b>	<b>2.17%</b>	<b>2.04%</b>	<b>2.10%</b>	<b>2.08%</b>	<b>1.94%</b>	<b>1.79%</b>	<b>1.76%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: ACFR Schedule B-2 and District records.

**SPRING LAKE SCHOOL DISTRICT**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Tuition	Interest Income	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Miscellaneous	Annual Totals
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
2021	104,785	2,005	-	-	-	5,651	112,441
2022	74,965	3,910	-	-	-	5,266	84,141

Source: District records

**SPRING LAKE SCHOOL DISTRICT**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2013	97,278,400	3,147,986,900	-	-	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	3,167,943,400	-	-	143,603,400	599,100	2,509,600	3,399,889,500	-	-	3,399,889,500	3,374,210,701	0.178
2015	59,070,400	3,201,315,000	-	-	143,588,100	599,100	2,509,600	3,407,082,100	-	-	3,407,082,100	3,356,628,469	0.181
2016	72,574,400	3,241,938,600	-	-	144,285,000	599,100	-	3,459,097,100	-	-	3,459,097,100	3,544,640,966	0.182
2017	99,235,200	3,285,025,400	-	-	142,975,100	599,100	-	3,528,135,300	-	-	3,528,135,300	3,617,244,867	0.183
2018	64,953,600	3,745,778,900	-	-	159,680,600	882,900	-	3,971,295,500	-	-	3,971,295,500	3,922,316,374	0.164
2019	97,420,500	3,836,204,800	-	-	161,718,500	883,300	-	4,096,227,100	-	-	4,096,227,100	4,137,547,520	0.158
2020	106,143,200	3,884,818,500	-	-	157,257,000	883,300	-	4,149,102,000	-	-	4,149,102,000	4,319,887,221	0.159
2021	-	-	-	-	-	-	-	-	-	-	-	4,559,418,822	-
2022	-	-	-	-	-	-	-	-	-	-	-	5,130,745,732	-

Source: 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 the 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



**SPRING LAKE SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**UNAUDITED**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Sea Girt School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipal	Monmouth County	
2013	0.174	0.004	0.178	0.208	0.284	0.670
2014	0.177	0.004	0.178	0.218	0.287	0.683
2015	0.178	0.004	0.181	0.220	0.296	0.697
2016	0.179	0.004	0.182	0.217	0.283	0.682
2017	0.160	0.004	0.183	0.195	0.267	0.645
2018	0.156	0.002	0.164	0.191	0.278	0.633
2019	0.159	0.002	0.158	0.159	0.248	0.565
2020	0.157	-	0.159	0.191	0.270	0.620
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-

Source: Municipal Tax Collector

R = Reevaluation

- 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.

**SPRING LAKE SCHOOL DISTRICT  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
UNAUDITED**

	2022			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Taxpayer 1						
Taxpayer 2						
Taxpayer 3						
Taxpayer 4						
Taxpayer 5						
Taxpayer 6						
Taxpayer 7						
Taxpayer 8						
Taxpayer 9						
Taxpayer 10						
Total	\$ -		0.00%	\$ -		0.00%

**Source:** Municipal Tax Assessor

**SPRING LAKE SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**UNAUDITED**

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	
2013	6,036,462	5,784,944	95.83%	251,518.00
2014	6,080,639	6,080,639	100.00%	-
2015	6,211,100	6,206,100	99.92%	5,000.00
2016	6,388,856	5,856,466	91.67%	532,390.00
2017	6,510,074	5,967,566	91.67%	542,508.00
2018	6,486,679	5,956,429	91.83%	530,250.00
2019	6,536,468	6,001,438	91.81%	535,030.00
2020	6,660,239	6,002,985	90.13%	657,254.00
2021	6,679,685	6,679,685	100.00%	-
2022	6,813,278	6,245,505	91.67%	567,773.00

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

**SPRING LAKE SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Leases				
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	0.00%	111	
2019	155,000	-	11,023	-	-	166,023	0.00%	57	
2020	-	-	-	-	-	-	0.00%	-	
2021	-	-	-	-	-	-	0.00%	-	
2022	-	-	-	-	47,900	47,900	0.00%	-	

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**SPRING LAKE SCHOOL DISTRICT**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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	-	53
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

|Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**SPRING LAKE SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**  
**UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Spring Lake (100%)	\$ -	0.000%	\$ -
County of Monmouth - Borough's Share (1.62%)	N/A	0.000%	
Other debt			
			-
Subtotal, overlapping debt			
			-
<b>Sea Girt School District Direct Debt</b>			
			-
<b>Total direct and overlapping debt</b>			
			\$ -

**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.

**SPRING LAKE SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years  
UNAUDITED**

	Equalized valuation basis	
	2022	5,130,745,732
	2021	4,559,418,822
	2020	4,319,887,221
	<b>[A]</b>	<u>14,010,051,775</u>
Large equalized valuation of taxable property	<b>[A/3]</b>	\$ 4,670,017,258
<b>limit (4 % of average equalization value)</b>	<b>[B]</b>	186,800,690
<b>Total Net Debt Applicable to Limit</b>	<b>[C]</b>	-
<b>Legal debt margin</b>	<b>[B-C]</b>	<u>\$ 186,800,690</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 136,661,063	\$ 133,624,829	\$ 133,872,727	\$ 135,958,923	\$ 109,049,953	\$ 115,224,625	\$ 122,591,793	\$ 132,177,031	\$ 187,545,764	\$ -
Total net debt applicable to limit	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 135,371,063</u>	<u>\$ 132,494,829</u>	<u>\$ 81,060,094</u>	<u>\$ 83,885,019</u>	<u>\$ 108,579,953</u>	<u>\$ 114,914,625</u>	<u>\$ 57,017,727</u>	<u>\$ 91,542,192</u>	<u>\$ 57,017,727</u>	<u>\$ -</u>
Total net debt applicable to the limit as a percentage of debt limit	0.94%	0.85%	0.72%	0.47%	0.43%	0.27%	0.13%	0.00%	0.00%	#DIV/0!

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

**SPRING LAKE SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	2,982	187,854,072	62,996	8.6%
2014	2,985	189,920,625	63,625	4.7%
2015	2,984	199,179,016	66,749	4.7%
2016	2,956	205,175,960	69,410	4.3%
2017	2,963	211,075,231	71,237	3.5%
2018	2,962	-	-	3.3%
2019	2,925	-	-	2.8%
2020	2,993	-	-	6.9%
2021	2,796	-	-	0.0%
2022	-	-	-	0.0%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development



**SPRING LAKE SCHOOL DISTRICT  
Principal Employers  
Current Year and Nine Years Ago  
UNAUDITED**

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source:

**SPRING LAKE SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**  
**UNAUDITED**

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	23.00	22.00	22.60	22.60	27.00	27.00	28.00	20.00	19.00	19.00
Special education	5.00	5.00	4.00	4.00	4.00	4.00	4.50	6.00	4.00	4.00
Other special education	2.00	4.00	3.20	3.20	3.20	3.00	3.20	4.00	3.10	3.10
Other instruction	2.00	2.00	1.00	1.00	1.00	2.00	1.00	1.50	1.00	1.00
Support Services:										
Student & instruction related services	7.00	7.00	8.80	8.88	6.00	5.50	5.50	5.40	3.60	3.60
General administration	0.70	0.70	3.50	0.73	0.73	3.30	0.73	0.73	0.73	0.73
School administrative services	0.70	0.70	2.00	0.77	0.77	2.50	0.77	0.77	0.77	0.77
Other administrative services										
Central services	1.60	1.60	1.25	1.55	2.60	1.00	2.60	3.00	2.60	2.80
Administrative Information Technology										
Plant operations and maintenance	4.00	4.00	3.50	5.73	4.00	2.00	3.50	3.50	3.50	3.50
Pupil transportation	0.20	0.20	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Other support services			1.50	4.50	4.00	4.00	4.00	4.00	3.00	3.00
<b>Total</b>	<u>46.20</u>	<u>47.20</u>	<u>51.60</u>	<u>53.16</u>	<u>53.50</u>	<u>54.50</u>	<u>54.00</u>	<u>49.10</u>	<u>41.50</u>	<u>41.70</u>

**Source:** District Personnel Records

SPRING LAKE SCHOOL DISTRICT  
 Operating Statistics  
 Last Ten Fiscal Years  
 UNAUDITED

Fiscal Year	Mountz Enrollment <sup>a</sup>	Total Enrollment <sup>b</sup>	Total Spending <sup>b</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	HW Mountz Teacher/Student	Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	260	322.3	7,044,367	21,856.55	5.53%	29.00	07:00.0	257.0	244.3	-4.10%	95.06%
2014	244	305	7,444,918	24,409.57	11.69%	30.80	08:00.0	240.0	228.8	-6.61%	95.33%
2015	213	279.3	7,928,245	28,386.13	16.31%	20.80	01:06.9	212.0	203.5	-11.67%	95.87%
2016	207	275.5	7,514,025	27,274.14	-3.92%	31.80	01:07.0	213.0	201.7	0.47%	94.69%
2017	196	262	7,771,595	29,662.58	8.66%	30.00	-	197.7	189.4	-7.18%	95.83%
2018	195	260	8,080,065	31,077.17	4.79%	31.00	7.5	194.1	185.9	-1.82%	95.79%
2019	176	203.5	-	-	0.00%	32.50	6.5	174.4	166.7	-10.15%	95.58%
2020	147	199	-	-	0.00%	23.00	6.6	147.3	143.1	-15.54%	97.15%
2021	169	210	-	-	0.00%	26.00	6.7	168.5	164.3	14.39%	97.51%
2022	152	167	-	-	0.00%	26.00	6.8	156.1	148.4	-7.36%	97.51%

Sources: District records

**SPRING LAKE SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**  
**UNAUDITED**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Spring Lake 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	296	244	213	207	196	196	176	167	167	152
<b><u>Other</u></b>										
Utility/Storage										
Square Feet	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300

**Source:** District Facilities Office

**SPRING LAKE SCHOOL DISTRICT**  
**Schedule of Required Maintenance Expenditures by School Facility**  
**Last Ten Fiscal Years**  
**UNAUDITED**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

** School Facilities Project # (s)	H.W Mountz School	Total
2013	\$ 137,909	\$ 137,909
2014	137,843	137,843
2015	192,608	192,608
2016	100,635	100,635
2017	163,771	163,771
2018	69,145	69,145
2019	83,099	83,099
2020	133,518	133,518
2021	151,174	151,174
2022	52,707	52,707
Total School Facilities	<u>\$ 1,222,409</u>	<u>\$ 1,222,409</u>

\*\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**SPRING LAKE SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2022**  
**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	-
Builder Risk	5,000,000	-
Accounts Recievable	250,000	-
Article II - Electronic Data Processing		
Hardware/Software	405,970	1,000
Article III - Equipment Breakdown		
Property Damga and Buisness Inquire	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	-	-
Forgery or Altercation	25,000	500
Computer Fraud	100,000	500
Article V - Comprerhensive Genral 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	-
Physical Damage	Not Covered	-
Environmental Liability	1,000,000	100,000
School Board Legal Liability - Errors and Omissions		
Covergae A	11,000,000	10,000
Coverage B	100,000	10,000
Workers Compensation		
Covered Payrolls - Professional	3,126,414	-
Covered Payrolls - Non-Professional	157,026	-
Bodily Injury	2,000,000	-
Bond		
Buisness Administrator Bond	200,000	-
Treasurer Bond	-	-
Student Accident		
Medical Expense Benefit, Excess	5,000,000	25,000
Accident 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



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  
Spring Lake Borough School District  
County of Monmouth  
Spring Lake , New Jersey 07762

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spring Lake Borough School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of the Spring Lake Borough School District basic financial statements, and have issued our report thereon dated February 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Spring Lake Borough School District's internal control over financial reporting (internal control) as a basis for designing 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 Spring Lake Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spring Lake Borough School District'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 School District'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.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Spring Lake Borough School District's financial statements are free from 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 financial statements. 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* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Jump, Perry and Company, LLP  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

February 16, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

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

We have audited Spring Lake Borough School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Spring Lake Borough School District's major federal and state programs for the year ended June 30, 2022. Spring Lake Borough School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Spring Lake Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

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 the audit requirements of *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 New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Spring Lake Borough School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Spring Lake Borough School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Spring Lake Borough School District's federal and state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Spring Lake Borough School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Spring Lake Borough School District's compliance with the requirements of each major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Spring Lake Borough School District's, compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Spring Lake Borough School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Spring Lake Borough School District's, internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

Jump, Perry and Company L.L.P.  
Toms River, New Jersey



Kathryn Perry, Partner  
Licensed Public School Accountant  
No. CS 20CS00226400

February 16, 2023

SPRING LAKE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Schedule A

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2021	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2022		
			From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
Title I, Part A	84.010A	40,953	7/1/20	6/30/21	(3,158)	-	3,158	-	-	-	-	-	
Title I, Part A	84.010A	79,262	7/1/21	6/30/22	-	-	5,951	(16,162)	-	-	(10,211)	-	
Title IV	84.424A	10,000	7/1/20	6/30/21	(4,966)	-	-	-	-	-	(4,966)	-	
Title IV	84.424A	14,966.00	7/1/21	6/30/22	-	-	1,289	(7,585)	-	-	(6,296)	-	
Title II, Part A	84.367	13,205	7/1/20	6/30/21	(2,425)	-	2,425	-	-	-	-	-	
Title II, Part A	84.367	11,791	7/1/21	6/30/22	-	-	4,500	(5,979)	-	-	(1,479)	-	
Elementary and Secondary Education Cluster:													
CARES Emergency Relief Grant	84.425D	61,788	3/13/20	9/30/22	(9,983)	-	16,992	(19,238)	-	-	(12,229)	-	
ESSER II	84.425D	160,518	3/13/20	9/30/22	-	-	1,304	(1,304)	-	-	-	-	
ESSER II - CR Learning Acceleration	84.425D	25,000	3/13/20	9/30/22	-	-	399	(399)	-	-	-	-	
ESSER II - CR Mental Health	84.425D	45,000	3/13/20	9/30/22	-	-	1,219	(1,219)	-	-	-	-	
Subtotal Elementary and Secondary Education Cluster					(9,983)	-	19,914	(22,160)	-	-	(12,229)	-	
Special Education Cluster:													
ARP - I.D.E.A. Part B, Basic Regular	84.027X	20,404	7/1/21	9/30/22	-	-	11,012	(11,012)	-	-	-	-	
ARP - IDEA Preschool	84.173X	1,743	7/1/21	9/30/22	-	-	689	(689)	-	-	-	-	
I.D.E.A. Part B, Basic Regular	84.027	105,569	7/1/20	6/30/21	(26,542)	-	26,542	-	-	-	-	-	
I.D.E.A. Part B, Basic Regular	84.027	101,734	7/1/21	6/30/22	-	-	72,309	(98,248)	-	-	(25,939)	-	
IDEA Preschool	84.173	3,916	7/1/20	6/30/21	18	-	-	-	-	(18)	-	-	
IDEA Preschool	84.173	4,007	7/1/21	6/30/22	-	-	3,989	(3,989)	-	-	-	-	
Subtotal of Special Education Cluster					(26,524)	-	114,541	(113,938)	-	(18)	(25,939)	-	
Total U.S. Department of Education					(47,056)	-	151,778	(165,824)	-	(18)	(61,120)	-	
Total Expenditures of Federal Awards					(47,056)	-	151,778	(165,824)	-	(18)	(61,120)	-	

See accompanying notes to schedules of expenditures.

SPRING LAKE SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance, Schedule B

For the Year Ended June 30, 2022

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021			Balance at June 30, 2022			MEMO			
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>														
General Fund:														
Transportation Aid	22-495-034-5120-014	57,263	7/1/21	6/30/22	\$ -	\$ -	\$ -	\$ 51,537	\$ (57,263)	\$ -	\$ -	\$ -	(5,726)	\$ 57,263
Special Education Aid	22-495-034-5120-089	191,575	7/1/21	6/30/22	-	-	-	172,508	(191,575)	-	-	-	(19,067)	191,575
Extraordinary Aid	22-495-034-5120-044	291,053	7/1/21	6/30/22	-	-	-	-	(291,053)	(291,053)	-	-	-	291,053
Extraordinary Aid	21-495-034-5120-044	238,233	7/1/20	6/30/21	(224,149)	-	-	224,149	-	-	-	-	-	-
Security Aid	21-495-034-5120-084	12,556	7/1/20	6/30/21	-	-	-	11,300	(12,556)	-	-	-	(1,256)	12,556
Non-Public Transportation Aid	22-495-034-5120-014	15,881	7/1/21	6/30/22	-	-	-	-	(15,881)	(15,881)	-	-	-	15,881
Non-Public Transportation Aid	21-495-034-5120-014	14,084	7/1/20	6/30/21	(14,084)	-	-	14,084	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	161,498	7/1/20	6/30/21	(16,194)	-	-	16,194	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	169,096	7/1/21	6/30/22	-	-	-	152,753	(169,096)	(16,343)	-	-	-	169,096
On-Behalf TPAF Pension Contribution	22-100-034-5094-002	768,500	7/1/21	6/30/22	-	-	-	768,500	(768,500)	-	-	-	-	768,500
On-Behalf TPAF Post-Retirement Medical	22-100-034-5094-001	179,553	7/1/21	6/30/22	-	-	-	179,553	(179,553)	-	-	-	-	179,553
On-Behalf TPAF Long-Term Disability Insu	22-100-034-5094-004	182	7/1/21	6/30/22	-	-	-	182	(182)	-	-	-	-	182
<b>Total General Fund</b>					<u>(254,427)</u>	<u>-</u>	<u>-</u>	<u>1,590,760</u>	<u>(1,685,659)</u>	<u>(323,277)</u>	<u>-</u>	<u>-</u>	<u>(26,049)</u>	<u>1,685,659</u>
Special Revenue Fund:														
Chapter 192/193	21-100-034-5120-067	118,258	7/1/20	6/30/21	-	29,054	(29,054)	-	-	-	-	-	-	-
Chapter 192/193	22-100-034-5120-067	124,401	7/1/21	6/30/22	-	-	-	123,075	(123,075)	-	-	-	-	123,075
Security	22-100-034-5120-509	48,300	7/1/21	6/30/22	-	-	-	48,300	(48,144)	-	-	156	-	48,144
Technology	22-100-034-5120-373	11,592	7/1/21	6/30/22	-	-	-	11,592	(11,592)	-	-	-	-	11,592
Textbooks	22-100-034-5120-064	16,566	7/1/21	6/30/22	-	-	-	16,566	(16,566)	-	-	-	-	16,566
Textbooks	21-100-034-5120-064	17,533	7/1/20	6/20/21	-	89	(89)	-	-	-	-	-	-	-
Nursing	22-100-034-5120-070	30,912	7/1/21	6/30/22	-	-	-	30,912	(30,912)	-	-	-	-	30,912
Home Instruction	22-100-034-5120-067	1,326	7/1/21	6/30/22	-	-	-	-	(1,326)	(1,326)	-	-	-	-
Character Education Aid	04-495-034-5120-053		7/1/03	6/30/04	306	-	-	-	-	-	306	-	-	-
<b>Total Special Revenue Fund</b>					<u>306</u>	<u>29,143</u>	<u>(29,143)</u>	<u>230,445</u>	<u>(231,615)</u>	<u>(1,326)</u>	<u>306</u>	<u>156</u>	<u>-</u>	<u>230,289</u>
<b>Total Expenditures of State Awards</b>					<u>\$ (254,121)</u>	<u>\$ 29,143</u>	<u># \$ (29,143)</u>	<u>\$ 1,821,205</u>	<u>\$ (1,917,274)</u>	<u>\$ (324,603)</u>	<u>\$ 306</u>	<u>\$ 156</u>	<u>\$ (26,049)</u>	<u>\$ 1,915,948</u>
State Financial Assistance Not Subject to Single Audit Determination														
On-Behalf TPAF Pension Contribution	22-100-034-5094-002	768,500	7/1/21	6/30/22	-	-	-	768,500	(768,500)	-	-	-	-	768,500
On-Behalf TPAF Post-Retirement Medical	22-100-034-5094-001	179,553	7/1/21	6/30/22	-	-	-	179,553	(179,553)	-	-	-	-	179,553
On-Behalf TPAF Long-Term Disability Insu	22-100-034-5094-004	182	7/1/21	6/30/22	-	-	-	182	(182)	-	-	-	-	182
<b>Total State Financial Assistance Not Subject to Single Audit Determination</b>					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,235</u>	<u>\$ (948,235)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,235</u>
<b>Total Expenditures of State Awards Subject to Single Audit Determination</b>					<u>\$ (254,121)</u>	<u>\$ 29,143</u>	<u>\$ (29,143)</u>	<u>\$ 872,970</u>	<u>\$ (969,039)</u>	<u>\$ (324,603)</u>	<u>\$ 306</u>	<u>\$ 156</u>	<u>\$ (26,049)</u>	<u>\$ 967,713</u>

See accompanying notes to schedules of expenditures.

## Spring Lake Borough School District

## Notes to Schedules of Awards and Financial Assistance

June 30, 2022

## 1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Board of Education, Spring Lake Borough School District. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

## 2. Basis of Accounting

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

## 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

Spring Lake Borough School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2022

3. Relationship to General Purpose Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(770,458) for the general fund and \$(51,847) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,146,816	1,146,816
Special Revenue Fund	113,977	231,615	345,592
Debt Service Fund	-	-	-
Enterprise Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total awards and financial assistance	\$ <u>113,977</u>	\$ <u>1,378,431</u>	\$ <u>1,492,408</u>

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.

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2022.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

6. Indirect Costs

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



Spring Lake Borough School District  
 Schedule of Findings and Questioned Costs

June 30, 2022

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified?             yes             no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?             yes             none

Noncompliance material to general-purpose financial statements noted?             yes             no

Federal Awards Section - N/A

Internal Control over major programs:

- 1) Material weakness(es) identified?             yes             no
- 2) Significant deficiencies identified that are not considered to be material weaknesses?             yes             none reported

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section .516(a) of of the Uniform Guidance?             yes             no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
N/A	

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee?             yes             no

Spring Lake Borough School District  
Schedule of Findings and Questioned Costs (continued)

June 30, 2022

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

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?                      X   yes          no

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

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

Any audit findings disclosed that are required  
to be reported in accordance with NJOMB  
Circular 15-08           yes     X   no

Identification of major programs:

GMIS Number(s)  State Aid Cluster 495-034-5120-089 495-034-5120-084	Name of State Program  Special Education Aid Security Aid
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Spring Lake Borough School District  
Schedule of Findings and Questioned Costs (Continued)

June 30, 2022

Section II - Financial Statements Findings - N/A

Section III - Federal Award and State Financial Assistance Findings and Questioned Costs - N/A

Spring Lake Borough School District  
Summary Schedule of Prior Audit Findings

June 30, 2022

Finding 2021-01

Condition: The General Fund and Special Revenue Fund subsidiary ledgers were not in agreement with the Board Secretary's report.

Current Status: The School District implemented controls to ensure subsidiary ledgers are in agreement with the Board Secretary's report.

Finding 2021-02

Condition: All budgetary transfers are not being approved in the minutes.

Current Status: The School District implemented controls to ensure all transfers are approved in the minutes.