School District of SPOTSWOOD BOROUGH

Spotswood Borough
Board of Education
County of Middlesex
New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2014

School District of

Spotswood Borough

Spotswood Borough Board of Education
Spotswood, New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2014

Prepared by

Spotswood Borough School District
Business Division

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Introductory Section

Spotswood Board of Education

ADMINISTRATIVE OFFICES
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WWW.SPOTSWOOD.K12.NJ.US

Dr. Scott R. Rocco, Superintendent
E-MAIL: SROCCO@SPOTSWOOD.K12.NJ.US

Mark Resnick, Interim Business Administrator/
Board Secretary
E-MAIL: MRESNICK@SPOTSWOOD.K12.NJ.US

December 4, 2014

Honorable President and Members of the
Spotswood Borough Board of Education
105 Summerhill Road
Spotswood Borough
County of Middlesex, New Jersey

Dear Board Members and Constituents:

The comprehensive annual financial report of the Spotswood Borough School District (the "District") as of and for the year ended June 30, 2014, 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 District. 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 of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2014 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a listing of consultants, independent auditor and advisors, and roster of officials. The financial section includes Management's Discussion and Analysis (immediately following the report of independent auditors), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the New Jersey OMB Circular 04-04,

"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this Single Audit, including the auditors' report on internal control over compliance and on compliance with applicable laws and regulations, if applicable, are included in the Single Audit section of this report.

1. Reporting Entity and its Services

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") as established by GASB Statement No. 14. All funds and the government-wide financial statements of the District are included in this report. The Board and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2013-2014 fiscal year with an average daily enrollment of 1,788 students, which is approximately a .94% decrease from the prior year's average daily enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2014	1,788	(0.94)
2013	1,805	1.35
2012	1,781	(1.87)
2011	1,815	0.39
2010	1,808	2.73

2. Economic Condition and Outlook

The Spotswood School District has met many financial obstacles this past year head on and has adjusted its day to day operations significantly to meet these challenges.

The merge with the Helmetta School District in the 2009-2010 school year forced an adjustment to a projected loss in tuition revenue which was replaced with an equalized valuation tax levy calculation. This, compounded with only a small increase in State Aid, necessitated a very strict spending freeze, adjustment in staffing and new and innovative revenue streams.

3. Initiatives

The Spotswood School District's initiatives for the 2014/2015 school year will be as follows:

- **Accountability**

  Alignment of all subjects to common core and state standards continue in term of instructional technique, activity development and assessment refinement.

  Refinement and accountability to the state mandated teacher/principal evaluation program continue.

- **Staff Development**

  The District continues an Induction Program focusing on the Hunter Model of lesson design companion with motivational, retention and transfer theory. As staff master these essential components of effective teaching, Higher Order Thinking skills are taught to foster alignment to the needs of the common core standards.

  Staff is being provided continuous training though our voluntary after school PD Academy focusing on topics such as data-driven assessment, differentiated instruction and classroom activities that support the development of critical thinking.

- **Operational Improvement**

  PLC (Professional Learning Communities) work continues, providing for groups of teachers who form a support group to work on a plan strategically around particular topics, and challenge their teaching in a nurturing environment.

4. Service Efforts and Accomplishments

The District's achievement continues to be highly competitive with the District Factor Group as well as state results.

5. Major Operational or Financial Concerns

While Spotswood did meet the financial challenges put before it this year, there continues to be a growing concern with a future of lessening anticipated revenue. Facility and structural repairs and systems up keep are one of the primary focuses of the District. The Maintenance Reserve Account that has been established will assist in this goal.

The reduction of programs and re-assignment of personnel has eased the financial impact from the declining revenues. The Board struggles to continue to maintain the class sizes as they are today that benefit the learning experience for all children.

6. Internal Control

Management of the District is responsible for establishing and maintaining internal control 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 accounting principles generally accepted in the United States (GAAP). Internal control 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) evaluation of costs and benefits requires estimates and judgments by management.

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

As part of the District's Single Audit described earlier, tests are made to evaluate the adequacy of internal control over compliance, including that portion related to federal awards and state financial assistance programs, as well as to evaluate the District's compliance with applicable laws and regulations relating to its major programs.

7. Budgetary Controls

In addition to internal control, 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 appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at June 30, 2014.

8. Accounting Systems and Reports

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

9. Debt Administration

At June 30, 2014, the District's outstanding debt issues included $8,660,000 of bonds. During the 2014 fiscal year, the District was notified that its bond rating was AA-, but enhanced by the School Bond Reserve Act with an underlying rating for the District of A+. The legal debt margin and the debt per capita can be found in the Statistical section, schedules J-13 and J-11, respectively.

10. Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1980 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

11. Risk Management

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

12. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The independent accounting firm of Wiss and Company, LLP was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the Single Audit are included in the Single Audit section of this report.

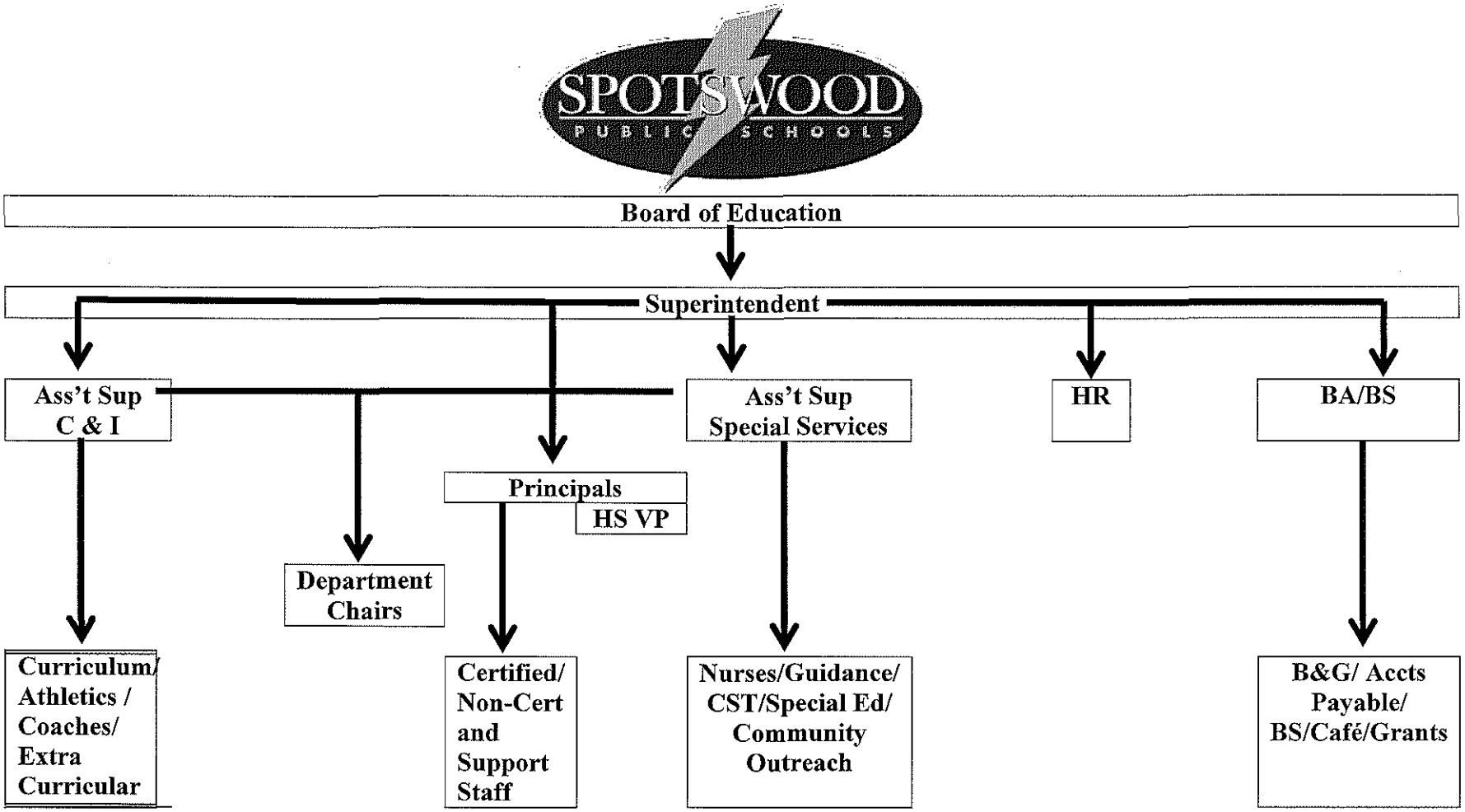
13. Acknowledgments

We would like to express our appreciation to the members of the Spotswood Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Additionally, we wish to acknowledge the assistance given by the members of the central office staff.

Respectfully Submitted,

Dr. Scott Rocco
Superintendent of Schools

Mr. Mark Resnick
School Business Administrator
Board Secretary


SPOTSWOOD
PUBLIC SCHOOLS
Board of Education
Superintendent
Ass't Sup C & I
Ass't Sup Special Services
HR
BA/BS
Principals
HS VP
Department Chairs
Curriculum/ Athletics / Coaches/ Extra Curricular
Certified/ Non-Cert and Support Staff
Nurses/Guidance/ CST/Special Ed/ Community Outreach
B&G/ Accts Payable/ BS/Café/Grants

Spotswood Borough School District
Spotswood, New Jersey

Roster of Officials

June 30, 2014

Members of the Board of Education	**Term Expires**
Donna Faulkenberry, President	January – 2015
Dulce Branco-Rivera, Vice President	January – 2016
Bertrand Louis	January – 2015
William J. Loschiavo	January – 2017
William Smith	January – 2016
Felipe Zambrana (Milltown Representative)	

Other Officials

Dr. Scott Rocco, Superintendent of Schools
Mark Resnick., Interim School Business Administrator/Board Secretary
Barbara Petren, Treasurer of School Moneys

Spotswood Borough School District
Spotswood, New Jersey

Independent Auditor and Advisors

Attorney
David Rubin, PC
44 Bridge Street
Metuchen, New Jersey 08840

Independent Auditor
Wiss and Company, LLP
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Official Newspapers
Home News/Tribune
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The Newark Star Ledger
One Star Ledger Plaza
Newark, New Jersey 07102

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Financial Section

WISS
A Partner to Grow With

Independent Auditors' Report

Honorable President and Members
of the Board of Education
Spotswood Borough School District
County of Middlesex
Borough of Spotswood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spotswood Borough School District, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously 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 the District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.S. to the financial statements, during the fiscal year ended June 30, 2014, the District adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively,* and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting compliance.

David J. Gannon
Licensed Public School Accountant
No. 2305

Wiss & Company
WISS & COMPANY, LLP

December 4, 2014
Iselin, New Jersey

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Required Supplementary Information
Part I

Management's Discussion and Analysis

Spotswood Borough School District
Management's Discussion and Analysis
Year ended June 30, 2014
(Unaudited)

As management of the Spotswood Borough School District (the "District"), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District as of and for the year ended June 30, 2014. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Certain comparative information between the current year and the prior year is presented in the MD&A as required by GASB Statement No. 34.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows, deferred inflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave).

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, construction and facilities improvements, and debt repayment.

Business-Type Activities — The District charges fees for certain services it provides. The Food service and Community Programs are reported here.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund and as supplementary information for the debt service fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 23-25 of this report.

Proprietary funds. The District maintains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and CARES programs.

The enterprise fund financial statements can be found on pages 26-28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also has an unemployment compensation trust fund. The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-57 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 58-79 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the total Government-wide assets exceeded liabilities by $11,605,444 (net position) at the close of 2014. The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2014 and 2013:

Spotswood Borough School District
Spotswood, New Jersey
Net Position
June 30,

	2014			2013		
	Governmental Activities	**Business - type Activities**	**Total**	**Governmental Activities**	**Business - type Activities**	**Total**
Current and other assets	$ 1,784,528	$ 598,350	$ 2,382,878	$ 2,068,460	$ 610,835	$ 2,679,295
Capital assets, net	19,209,763	2,592	19,212,355	20,094,519	4,812	20,099,331
Total assets	20,994,291	600,942	21,595,233	22,162,979	615,647	22,778,626
Deferred loss on defeasance of debt	229,663		229,663	252,920		252,920
Current liabilities	1,433,457	193,504	1,626,961	1,927,163	101,370	2,028,533
Long-term liabilities outstanding	8,592,491		8,592,491	9,438,136		9,438,136
Total liabilities	10,025,948	193,504	10,219,452	11,365,299	101,370	11,466,669
Net position						
Net investment in capital assets	10,472,674	2,592	10,475,266	10,401,006	4,812	10,405,818
Restricted	1,125,861		1,125,861	859,010		859,010
Unrestricted (deficit)	(400,529)	404,846	4,317	(209,416)	509,465	300,049
Total net position	$ 11,198,006	$ 407,438	$11,605,444	$ 11,050,600	$ 514,277	$ 11,564,877

The largest portion of the District's net position is its investment in capital assets, net of related debt. Restricted net position include those that are subject to external restrictions (e.g. for debt service, capital projects, excess surplus, maintenance reserve and capital reserve).

The remaining (deficit) balance of unrestricted net position of the governmental activities reflects the District's obligations such as compensated absences that are not invested in capital assets.

The decrease in long term liabilities is a result of a payment of current year debt obligations. Capital assets decreased as a result of current year depreciation expense exceeding capital asset additions. The decrease in current liabilities is a result of a one-time unearned revenue being received prior to June 30, 2013.

The increase in restricted net position is the result of deposits of $400,000 being placed into capital and maintenance reserves by Board action at its June 2014 meeting.

The decrease in business type activities is the result of the District's Food Service Fund's operating loss in the District's 2013-2014 year.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2014 and 2013 are as follows:

Spotswood Borough School District
Spotswood, New Jersey
Changes in Net Position

Years ended June 30,

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	$ 4,653,700	$ 712,143	$ 5,365,843	$ 4,121,660	$ 785,306	$ 4,906,966
Operating grants and contributions	701,268	130,366	831,634	695,440	164,315	859,755
General revenues:						
Property taxes	15,005,900		15,005,900	14,807,922		14,807,922
State aid not restricted to specific purposes	8,346,221		8,346,221	8,618,571		8,618,571
Federal aid not restricted for specific purposes	28,789		28,789	32,788		32,788
Interest earnings	40		40	208		208
Miscellaneous	129,048		129,048	166,091		166,091
Total revenues	28,163,698	842,509	29,707,475	28,442,680	949,621	29,392,301
Expenses:						
Instructional services	17,813,904		17,813,904	18,078,475		18,078,475
Support services	10,422,542		10,422,542	10,419,210		10,419,210
Charter school	29,988		29,888			
Interest and other charges	451,126		451,126	312,582		312,582
Business type activities		949,348	949,348		910,713	910,713
Total expenses	28,717,560	949,348	29,666,908	28,810,267	910,713	29,720,980
Change in net position	147,406	(106,839)	40,567	(367,587)	38,908	(328,679)
Net position – beginning of year	11,050,600	514,277	11,564,877	11,418,187	475,369	11,893,556
Net position – end of year	$ 11,198,006	$ 407,438	$ 11,605,444	$ 11,050,600	$ 514,277	$ 11,564,877

State aid not restricted decreased from the prior year mainly as the result of the State of New Jersey paying less on behalf of the District for retiree pension contributions.

Business-type revenue decreased as the result of a decrease in meals served in the Food Service fund in the current year.

Financial Analysis of the District's Funds
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The fund balance is divided between restricted, assigned and unassigned balances.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2014, and the increases and decreases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2013	Percent of Increase (Decrease)
Local sources	$ 19,800,890	68.60%	$ 693,012	3.63%
State sources	8,449,118	29.27	(260,012)	(2.99)
Federal sources	614,958	2.13	(10,714)	(1.71)
Total	$ 28,864,966	100.00%	$ 422,286	1.48%

The increase in local sources is the result of an increase in the local tax levy and from tuition received from another school district. The decrease in state sources is mainly is mainly the result of a decrease in TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2013/2014 as compared to the prior year.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2014 and the increases related to the prior year:

Expenditures	Amount	Percent of Total	(Decrease) Increase from 2013	Percent of (Decrease) Increase
Current expenditures:				
Instruction	$ 11,967,487	41.82%	$ (5,627)	(0.05)%
Undistributed expenditures	15,043,567	52.57	(352,997)	(2.29)
Capital outlay	285,115	1.00	(1,130,057)	(79.85)
Debt service:				
Principal	1,000,000	3.49	55,000	5.82
Interest	320,425	1.12	15,237	4.99
Total	$ 28,616,594	100.00%	$ (1,418,444)	(4.72)%

The decrease in capital outlay is mainly attributed to the completion of capital projects in the 2013-2014 year.

The increase in principal and interest expense is attributable to the required annual debt payment obligations.

General Fund Budgetary Highlights

During the 2014 fiscal year, the District budgeted $1,229,624 of prior year fund balance, including unrestricted balances of $839,347and restricted excess surplus of $390,277. During the year, both revenues and expenditures were within budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons yet mainly due to strong financial constraints anticipating appropriation of undesignated fund balance for tax relief in the upcoming budget development. This is resulting from the A5 Legislation capping the amount of increase in the tax levy in budget development. The following represent a few of the more significant transfers made during the year:

- Resource room – salaries for teachers– an increase of $94,150 is attributable to an increase in the number of students being provided services through the resource room.

- Basic skills – salaries of teachers – a decrease of $97,143 was the result of staffing changes to meet the needs of the student population.

- Health insurance – an increase of $168,993 was the result of premium increases over the prior year.

Capital Assets and Debt Administration

Capital Assets. The District has governmental type capital assets, net of depreciation of $19,209,763 at June 30, 2014, including land, construction in progress, site improvements, buildings and building improvements, machinery, equipment and vehicles. (More detailed information about capital assets can be found in Note 4 to the basic financial statements.)

The District's capital assets, net of accumulated depreciation consisted of the following:

	June 30, 2014	June 30, 2013
Land	$ 197,617	$ 197,617
Site improvements	192,752	229,940
Buildings and building improvements	18,450,928	19,092,966
Machinery, equipment and vehicles	368,466	573,996
Total capital assets, net	$ 19,209,763	$ 20,094,519

Debt Administration and Long-Term Liabilities.

At June 30, 2014 and 2013, the District's governmental activity long-term liabilities consisted of:

	June 30, 2014	June 30, 2013
Bonds payable	$ 8,660,000	$ 9,660,000
Unamortized Premium on bonds	261,462	286,433
Compensated absences payable	843,748	746,215
Capital leases payable	45,290	
Total long-term liabilities	$ 9,810,500	$ 10,692,648

More detailed information about the District's outstanding debt and long-term liabilities can be found in Note 5 to the basic financial statements.

Economic Factors and Next Year's Budget

- Continued attention is being given to the levy calculation resulting from the Department of Education merging the Helmetta District in 2009 which is based on equalized valuation.

- With a 2% levy cap passed by the State Legislature, and dwindling revenues, alternative revenue sources are being considered along with a strong hard look at expenditures in all areas.

All of these factors were considered in preparing the District's budget for the 2014-2015 fiscal year. The reduction and/or stabilization of state aid will make future budgets difficult.

Requests for Information

This financial report is designed to provide a general overview of the Spotswood Borough School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 105 Summerhill Road, Spotswood, New Jersey 08884.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2014.

Spotswood Borough School District

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 173,678	$ 740,387	$ 914,065
Accounts receivable	597,414	32,121	629,535
Internal balances	177,954	(177,954)	-
Inventories		3,796	3,796
Restricted assets:			
Cash and cash equivalents	835,482		835,482
Capital assets, non-depreciable	197,617		197,617
Capital assets, depreciable, net	19,012,146	2,592	19,014,738
Total assets	20,994,291	600,942	21,595,233
Deferred Outflow of Resources			
Deferred loss on defeasance of debt	229,663		229,663
Liabilities			
Accounts payable	52,770	97,264	150,034
Accrued interest payable	115,935		115,935
Intergovernmental payables - state	7,099		7,099
Unearned revenue	39,644	96,240	135,884
Current portion of long-term obligations	1,218,009		1,218,009
Noncurrent portion of long-term obligations	8,592,491		8,592,491
Total liabilities	10,025,948	193,504	10,219,452
Net position			
Net investment in capital assets	10,472,674	2,592	10,475,266
Restricted for:			
Capital projects	184,961		184,961
Maintenance reserve	334,070		334,070
Capital reserve	311,451		311,451
Excess surplus - current year	295,379		295,379
Unrestricted (deficit)	(400,529)	404,846	4,317
Total net position	$ 11,198,006	$ 407,438	$ 11,605,444

See accompanying notes to the basic financial statements.

Spotswood Borough School District

Statement of Activities

Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental activities						
Instruction	$ 17,813,904	$ 4,653,700	$ 482,022	$ (12,678,182)		$ (12,678,182)
Support services:						
Health services	389,396			(389,396)		(389,396)
Other support services	2,965,175		219,246	(2,745,929)		(2,745,929)
Improvement of instruction	633,328			(633,328)		(633,328)
School library	97,970			(97,970)		(97,970)
Instructional staff training	31,455			(31,455)		(31,455)
General administration	451,491			(451,491)		(451,491)
School administration	1,204,169			(1,204,169)		(1,204,169)
Central services	558,885			(558,885)		(558,885)
Administrative information technology	284,986			(284,986)		(284,986)
Required maintenance of plant services	606,288			(606,288)		(606,288)
Operation of plant	2,229,264			(2,229,264)		(2,229,264)
Student transportation	970,135			(970,135)		(970,135)
Transfer to charter schools	29,988			(29,988)		(29,988)
Interest on long-term debt	451,126			(451,126)		(451,126)
Total governmental activities	28,717,560	4,653,700	701,268	(23,362,592)		(23,362,592)
Business-type activities						
Food service	530,804	314,119	130,366		$ (86,319)	(86,319)
C.A.R.E.S	418,544	398,024			(20,520)	(20,520)
Total business-type activities	949,348	712,143	130,366		(106,839)	(106,839)
Total primary government	$ 29,666,908	$ 5,365,843	$ 831,634	(23,362,592)	(106,839)	(23,469,431)
General revenues						
Property taxes, levied for general purposes				14,053,915		14,053,915
Property taxes, levied for debt service				951,985		951,985
State sources				8,346,221		8,346,221
Federal sources				28,789		28,789
Interest earnings				40		40
Miscellaneous income				129,048		129,048
Total general revenues				23,509,998	-	23,509,998
Change in net position				147,406	(106,839)	40,567
Net position—beginning of year				11,050,600	514,277	11,564,877
Net position—end of year				$ 11,198,006	$ 407,438	$ 11,605,444

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Spotswood Borough School District
Governmental Funds

Balance Sheet

June 30, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 173,678				$ 173,678
Accounts receivable:					
State	108,396				108,396
Federal	3,841	$ 254,012			257,853
Other	134,181	971			135,152
Interfund	443,732				443,732
Restricted assets:					
Cash and cash equivalents	645,521		$ 189,961		835,482
Total assets	$ 1,509,349	$ 254,983	$ 189,961	$ -	$ 1,954,293
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 6,895	$ 45,875			$ 52,770
Intergovernmental payables:					
State		7,099			7,099
Interfunds payable		164,765	$ 5,000		169,765
Unearned revenue	2,400	37,244			39,644
Total liabilities	9,295	254,983	5,000		269,278
Fund balances:					
Restricted for:					
Excess surplus-current year	295,379				295,379
Capital projects			184,961		184,961
Capital reserve	311,451				311,451
Maintenance reserve	334,070				334,070
Assigned to:					
Designated for subsequent years expenditures	534,148				534,148
Unassigned	25,006				25,006
Total fund balances	1,500,054		184,961	-	1,685,015
Total liabilities and fund balances	$ 1,509,349	$ 254,983	$ 189,961	$ -	

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. The cost of the assets is $34,600,817 and the accumulated depreciation is $ 15,391,054	19,209,763
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(115,935)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	229,663
Long-term liabilities, including bonds payable, compensated absences and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds and unamortized deferred interest costs are not reported as an asset in the funds.	(9,810,500)
Net Position of governmental activities	$ 11,198,006

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources:					
Local tax levy	$ 14,053,915			$ 951,985	$ 15,005,900
Tuition from other LEA's	4,443,700				4,443,700
Tuition from individuals	210,000				210,000
Interest earned on capital reserve funds	40				40
Miscellaneous	129,048	$ 12,202	-		141,250
Total local sources	18,836,703	12,202	-	951,985	19,800,890
State sources	8,286,859	102,897		59,362	8,449,118
Federal sources	28,789	586,169			614,958
Total revenues	27,152,351	701,268	-	1,011,347	28,864,966
Expenditures					
Current:					
Instruction	11,485,465	482,022			11,967,487
Undistributed-current:					
Instruction	1,005,859				1,005,859
Health services	297,519				297,519
Other support services	2,075,881	130,468			2,206,349
Improvement of instruction	443,815				443,815
Educational media services / school library	69,199				69,199
Instructional staff training	29,807				29,807
General administration	351,100				351,100
School administration	841,402				841,402
Central services	429,958				429,958
Administrative information technology	210,738				210,738
Required maintenance of plant services	507,997				507,997
Operation of plant	1,714,734				1,714,734
Student transportation	864,983				864,983
Unallocated benefits	3,858,108				3,858,108
On-behalf TPAF social security and pension contributions	2,182,011				2,182,011
Transfer to charter schools	29,988				29,988
Capital outlay	191,337	88,778	$ 5,000		285,115
Debt Service:					
Principal	205,000			795,000	1,000,000
Interest	70,787			249,638	320,425
Total expenditures	26,865,688	701,268	5,000	1,044,638	28,616,594
Excess/(Deficit) of revenues over/(under) expenditures	286,663	-	(5,000)	(33,291)	248,372
Other financing sources					
Capital leases	57,314				57,314
Total other financing sources	57,314				57,314
Net change in fund balances	343,977	-	(5,000)	(33,291)	305,686
Fund balances, July 1	1,156,077		189,961	33,291	1,379,329
Fund balances, June 30	$ 1,500,054	$ -	$ 184,961	$ -	$ 1,685,015

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in accompanying schedule (B-3).

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)		$ 305,686
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 additions exceeded depreciation in the period.		
Depreciation expense	$ (942,070)	
Capital additions	57,314	(884,756)
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net position.		
- Capital Leases		(57,314)
In the statement of activities, interest on long-term debt is accrued, regardless of when due in the governmental funds, interest is reported when due. The amount presented is the change from prior year.		12,625
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Serial Bonds Payable	1,000,000	
Obligations under Capital Lease	12,024	
		1,012,024
Governmental funds report the effect on premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss of refunding.		
Amortization of Premium on Bonds	24,971	
Amortization of Bond Interest Costs	(23,257)	
		1,714
Prior to the implementation of GASB 65, governmental funds reported the effect on issuance costs when the debt was first issued, whereas the amounts were deferred and amortized in the statement of activities. Now, with the implementation of GASB 65, the remaining issuance costs are amortized in full.		(145,040)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		(97,533)
Change in net position of governmental activities (A-2)		$ 147,406

See accompanying notes to the basic financial statements.

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Proprietary Funds

Spotswood Borough School District
Enterprise Funds

Statement of Net Position

June 30, 2014

	Major Enterprise Funds		
	Food Service	C.A.R.E.S.	Totals
Assets			
Current assets:			
Cash and cash equivalents	$ 308,479	$ 431,908	$ 740,387
Accounts receivable:			
State	1,408		1,408
Federal	30,713		30,713
Inventories	3,796		3,796
Total current assets	344,396	431,908	776,304
Capital assets:			
Equipment	146,547		146,547
Accumulated depreciation	(143,955)		(143,955)
Total capital assets, net	2,592		2,592
Total assets	346,988	431,908	778,896
Liabilities			
Current liabilities:			
Accounts payable	97,264		97,264
Interfund payable	177,304	650	177,954
Unearned revenue	1,763	94,477	96,240
Total current liabilities	276,331	95,127	371,458
Net position			
Net investment in capital assets	2,592		2,592
Unrestricted	68,065	336,781	404,846
Total net position	$ 70,657	$ 336,781	$ 407,438

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

Year ended June 30, 2014

	Major Enterprise Funds		
	Food Service	C.A.R.E.S.	Totals
Operating revenues:			
Local sources:			
Daily sales reimbursable programs	$ 302,516		$ 302,516
Program fees		$ 398,024	398,024
Special functions	11,603		11,603
Total operating revenues	314,119	398,024	712,143
Operating expenses:			
Salaries	210,065	309,420	519,485
Employee benefits	31,030		31,030
Purchase professional services	6,137		6,137
Supplies and materials	6,416	24,064	30,480
Repairs and maintenance	14,644		14,644
Cost of sales	185,990		185,990
Depreciation	2,220		2,220
Other objects	74,302	85,060	159,362
Total operating expenses	530,804	418,544	949,348
Operating (loss) income	(216,685)	(20,520)	(237,205)
Nonoperating revenues:			
State sources:			
State school lunch program	4,711		4,711
Federal sources:			
National school lunch program	108,506		108,506
Food donation program	17,149		17,149
Total nonoperating revenues	130,366	-	130,366
Change in net position	(86,319)	(20,520)	(106,839)
Total net position, beginning of year	156,976	357,301	514,277
Total net position, end of year	$ 70,657	$ 336,781	$ 407,438

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2014

	Major Enterprise Funds		
	Food Service	C.A.R.E.S.	Totals
Cash flows from operating activities			
Receipts from customers	$ 315,912	$ 393,660	$ 709,572
Payments to employees and for employee benefits	(241,095)	(309,420)	(550,515)
Payments to suppliers	(182,828)	(110,309)	(293,137)
Net cash (used in) operating activities	(108,011)	(26,069)	(134,080)
Cash flows from noncapital financing activities			
Cash received from state and federal reimbursements	106,348		106,348
Interfund receipts	177,304	650	177,954
Receipts from food donation program	17,149		17,149
Net cash provided by noncapital financing activities	300,801	650	301,451
Net increase (decrease) in cash and cash equivalents	192,790	(25,419)	167,371
Cash and cash equivalents, beginning of year	115,689	457,327	573,016
Cash and cash equivalents, end of year	$ 308,479	$ 431,908	$ 740,387
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	$ (216,685)	$ (20,520)	$ (237,205)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	2,220		2,220
Change in assets and liabilities:			
Decrease in inventory	7,397		7,397
Decrease in other accounts receivable	1,374		1,374
Increase (decrease) in accounts payable	97,264	(1,185)	96,079
Increase (decrease) in unearned revenue	419	(4,364)	(3,945)
Net cash (used in) operating activities	$ (108,011)	$ (26,069)	$ (134,080)

Noncash noncapital financing activities

The District received $17,149 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2014.

See accompanying notes to the basic financial statements.

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Fiduciary Funds

Spotswood Borough School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2014

	Unemployment Compensation Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	$ 74,813	$ 927,690
Interfund receivable	60,518	
Total assets	135,331	$ 927,690
Liabilities		
Accounts payable	13,941	
Payroll deductions and withholdings payable and summer escrow payable		$ 536,439
Interfund payable		156,531
Due to student groups		234,720
Total liabilities	13,941	$ 927,690
Net position		
Held in trust for unemployment claims	$ 121,390	

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2014

	Unemployment Compensation Trust Fund
Additions	
Contributions from plan members	$ 27,650
Total additions	27,650
Deductions	
Unemployment benefit claims paid	72,441
Total deductions	72,441
Change in net position	(44,791)
Net position, beginning of the year	166,181
Net position, end of the year	$ 121,390

See accompanying notes to the basic financial statements.

1. Summary of Significant Accounting Policies

The financial statements of the Spotswood Borough School District (the "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 District's accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Spotswood Borough School District in Spotswood, New Jersey. Beginning, July 1, 2009, the Helmetta Borough School District (a non-operating district) was merged into the Spotswood School District. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of the end of the current

1. Summary of Significant Accounting Policies (continued)

fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major 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 non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid 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 accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Food Service and C.A.R.E.S. Program Enterprise Funds: The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services

1. Summary of Significant Accounting Policies (continued)

to the students on a continuing basis are financed or recovered primarily through user charges. The C.A.R.E.S program fund accounts for all revenues and expenses in the operation of the after-school program similar to private business enterprises.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation trust fund and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District:

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation fund is used to account for contributions from employees and the District and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

1. Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food, program and printing fees. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties, and the Borough Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

1. Summary of Significant Accounting Policies (continued)

D. 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. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2014 were insignificant and consistent with prior years. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-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 accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payments 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.

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.

1. Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

F. Interfund Receivables/Payables

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.

G. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expense during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2014, the District had inventories in the Food Service Enterprise Fund of $3,796 of which the unused Food Donation Program commodities of $1,763 are reported as unearned revenue in the Food Service Enterprise Fund.

H. Capital Assets

Capital assets, which include land, property, plant and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

1. Summary of Significant Accounting Policies (continued)

Property, plant and equipment of the District are depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	Years
Machinery and equipment	2-20
Buildings	50
Building improvements	20
Vehicles	5-10

I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2014, the amount earned by these employees but not disbursed was $491,297 and is included in liabilities – payroll deductions and withholdings payable and summer escrow payable in the fiduciary fund.

J. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

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, 2014, a liability existed for compensated absences in the government-wide financial statements in the amount of $843,748 and no liability existed for compensated absences in the enterprise funds.

1. Summary of Significant Accounting Policies (continued)

K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the food service enterprise fund represents the value of unused U.S.D.A. commodities. Unearned revenue in the general fund represents cash received in advance for the 2014-2015 tax levy prior to June 30, 2014.

L. Long-Term Obligations

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

District's management estimates that there is no arbitrage rebate liability at June 30, 2014.

M. 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*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. 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.

1. Summary of Significant Accounting Policies (continued)

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") 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. Under GASB 54, 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.
3) Committed - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
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. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

1. Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the $1,500,054 of fund balance in the General Fund at June 30, 2014, $311,451 has been restricted in the capital reserve account, $334,070 has been restricted in the maintenance reserve account and $295,379 has been restricted for excess surplus- current year. Additionally there is assigned fund balance which represents year end encumbrances of $118,892 and for fund balance designated for subsequent year's expenditures of $534,148 which have been partially offset by an unassigned deficit of fund balance of ($93,886).

O. Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2014, the District has recorded an unamortized balance of $229,663 as a deferred outflow of resources. This amount had previously been recorded as a reduction of bonds payable.

P. Net position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements. Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the Government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

1. Summary of Significant Accounting Policies (continued)

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

R. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement pension contributions for certified teachers and other members of the New Jersey Teacher's Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

S. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for restricted fund balance - excess surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance in the General Fund 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, 2014 is $295,379, which relates to the 2014 excess surplus and will be designated in the 2015-2016 budget.

T. GASB Pronouncements

Adopted in 2014

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District implemented this Statement during the 2014 fiscal year and the adoption materially affected the classification of balances on the statement of net position.

1. Summary of Significant Accounting Policies (continued)

GASB to be Implemented in the 2015 Fiscal Year

In June, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. The District has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

U. Reclassifications

In connection with the adoption of GASB 65, unamortized deferred interest costs were reclassified from a reduction of bonds payable to deferred outflow of resources. The reclassification has no impact on overall net position.

V. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2014 through December 4, 2014, the date that the financial statements were issued, for possible disclosure and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

The details of this $9,810,500 difference are as follows:

Bonds payable	$ 8,660,000
Capital lease payable	45,290
Premium on bonds	261,462
Compensated absences payable	843,748
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	$ 9,810,500

3. Deposits and Investments

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 in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

3. Deposits and Investments (continued)

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF), the New Jersey Asset and Rebate Management Fund (NJARM) and M.B.I.A. Class.

New Jersey statutes (GUDPA) require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

At June 30, 2014, the carrying amount of the District's deposits for all funds was $2,521,123 and the bank balance was $3,047,938, not including funds held with NJARM. Of the bank balances, $250,000 of the District's cash deposits on June 30, 2014 were secured by federal depository insurance and $1,669,198 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). $1,128,740 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

3. Deposits and Investments (continued)

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank.
c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.
d. Bonds or other obligations of the school District.

In order to maximize liquidity, the District utilizes the NJARM as its sole investment. The District invests funds in the New Jersey Asset and Rebate Management Fund, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Securities and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At June 30, 2014, the District's balance was $230,927.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJARM is not rated by a rating agency.

3. Deposits and Investments (continued)

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2014, all of the District's investments were invested in NJARM.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investment in NJARM, is less than one year.

All of the District's investments are classified as cash equivalents at June 30, 2014 due to their short-term nature.

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2014:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	$ 197,617		$ 197,617
Total capital assets, not being depreciated	197,617	-	197,617
Capital assets, being depreciated:			
Site improvements	1,517,940		1,517,940
Buildings and building improvements	30,206,686		30,206,686
Machinery, equipment and vehicles	2,621,260	$ 57,314	2,678,574
Total capital assets being depreciated	34,345,886	57,314	34,403,200
Less accumulated depreciation for:			
Site improvements	(1,288,000)	(37,188)	(1,325,188)
Buildings and building improvements	(11,113,720)	(642,038)	(11,755,758)
Machinery, equipment and vehicles	(2,047,264)	(262,844)	(2,310,108)
Total accumulated depreciation	(14,448,984)	(942,070)	(15,391,054)
Total capital assets, being depreciated, net	19,896,902	(884,756)	19,012,146
Governmental activities capital assets, net	$ 20,094,519	$ (884,756)	$ 19,209,763

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	$	538,381
Undistributed current:		
Instruction		45,251
Health services		13,384
Other support services		99,257
Improvement of instruction		19,966
School library		3,113
Instructional staff training		1,341
General administration		15,795
School administration		37,852
Central services		19,343
Administation technology		9,480
Required maintenance of plant services		22,853
Operation of plant		77,141
Student transportation		38,913
	$	942,070

The following is a summarization of business-type activities changes in capital assets for the year ended June 30, 20144:

Business-type activities:	**Beginning Balance**	**Increases**	**Ending Balance**
Capital assets, being depreciated:			
Equipment	$ 146,547	$ -	$ 146,547
Less accumulated depreciation for:			
Equipment	(141,735)	(2,220)	(143,955)
Total business-type activities capital assets, net	$ 4,812	$ (2,220)	$ 2,592

5. Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	$ 746,215	$ 204,325	$ 106,792	$ 843,748	$ 267,204
Premium on bonds	286,433		24,971	261,462	24,971
Bonds payable	9,660,000		1,000,000	8,660,000	915,000
Capital lease payable		57,314	12,024	45,290	10,834
Governmental activity long-term liabilities	$10,692,648	$ 261,639	$ 1,143,787	$ 9,810,500	$ 1,218,009

The District expects to liquidate the compensated absences with payments made from the District's general fund. Bonds payable are liquidated by expenditures charged to the debt service fund.

Bonds Payable

Bonds are authorized in accordance with State law or 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 District are general obligation bonds.

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

	Principal	Interest	Total
Year ending June 30:			
2015	$ 915,000	$ 284,625	$ 1,199,625
2016	685,000	266,325	951,325
2017	705,000	246,925	951,925
2018	730,000	227,025	957,025
2019	750,000	208,700	958,700
2020-2024	4,135,000	644,500	4,779,500
2025-2027	740,000	56,813	796,813
	$ 8,660,000	$ 1,934,913	$ 10,594,913

All bonds outstanding are presented on schedule I-1 in this report, which reflects amount outstanding as of June 30, 2014, annual maturities and interest rates.

5. Long-Term Liabilities (continued)

Capital Lease Obligations

The District entered into a Capital Lease Obligation on October 8, 2013 for a school bus lease in the amount of $57,314, which is due in five annual installments and for which the final payment is due November 15, 2017. Interest is at 2.95%.

6. Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{th}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{th}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

6. Pension Plans (continued)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

6. Pension Plans (continued)

During the year ended June 30, 20144, the State of New Jersey contributed $1,293,392 to the TPAF for post-retirement medical and pension benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $888,619 during the year ended June 30, 20144 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 20144, 20133 and 20122 were $268,983, $275,418 and $287,033, respectively, equal to the required contributions for each year.

7. Post-Retirement Benefits

Plan Description

The School District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement

7. Post-Retirement Benefits (continued)

medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2014, 2013 and 2012 were $803,401, $854,305 and $752,868, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

8. Interfund Receivables and Payables

The total interfund receivable and payable for the District at June 30, 2014 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 443,732	
Special Revenue Fund		$ 164,765
Capital Projects Fund		5,000
Food Service Fund		177,304
C.A.R.E.S Fund		650
Fiduciary Fund - Payroll Agency Fund		156,531
Fiduciary Fund - Unemployment Compensation Trust Fund	60,518	
	$ 501,250	$ 501,250

8. Interfund Receivables and Payables (continued)

A portion of the interfund payable in the payroll agency fund represents funds to be returned to the general fund that were originally transferred to the payroll agency account to cover payroll taxes and liabilities. The remaining balance of the payroll agency interfund payable is due to the unemployment compensation trust fund for deductions not yet transferred over. The interfund payable in special revenue fund represents a short term cash loan from the general fund to cover a cash deficit. The interfund payable in capital projects fund represents an expenditure paid out of the general fund related to the capital projects fund. The interfund payable in food service fund represents expenditures paid out of the general fund related to food service fund. The interfund payable in the C.A.R.E.S fund represents revenues recorded in the C.A.R.E.S fund that relates to general fund tuition revenues. All interfunds are expected to be repaid within one year.

9. Economic Dependency

The 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 District's programs and activities.

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2014 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA) relating to approved grants. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

10. Contingent Liabilities (continued)

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

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 District.

11. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this report.

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.

12. Deferred Compensation

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by Lincoln Investments, VALIC and the Equitable, 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.

13. Restricted Assets

Reservations of fund balances of governmental funds are created to (1) either satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. The District has $311,451 of capital reserve, $334,070 of maintenance reserve and $189,961 restricted for capital projects that are classified as restricted assets (cash and cash equivalents) on the statement of net position.

14. Capital Reserve Account

A capital reserve account was established by the District in prior years 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 (June 1 to June 30) of any unanticipated revenues or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	$	111,411
Deposit June 2014 Board meeting		200,000
Interest earnings		40
Ending balance, June 30, 2014	$	311,451

The June 30, 20144 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

15. Maintenance Reserve Account

On November 23, 2010, the District elected to establish a reserve to be used to accumulate funds for the required maintenance of a facility, and in accordance with N.J.S.A. 18A:7G-9, as amended by P.L. 2004, c. 73 (S1701), passed a board resolution authorizing the establishment of a maintenance reserve account in the District's General Fund. As allowed by N.J.S.A. 18A:F-41 and N.J.A.C. 6A:23A-14.3 the District can pass a board resolution to deposit funds into a maintenance reserve account between June 1 and June 30 of each budget year. The District deposited funds in the amount of $200,000 during its June 2014 Board meeting leaving $334,070 available in the maintenance reserve at June 30, 2014.

16. Commitments

The District has contractual commitments at June 30, 2014 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of $118,892. Additionally, there were $44,462 of contractual commitments at June 30, 2014 to vendors related to the ongoing construction projects that is included in restricted for capital projects in the capital projects fund.

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Required Supplementary Information
Part II

Budgetary Comparison

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	$ 14,051,915		$ 14,051,915	$ 14,053,915	$ 2,000
Tuition from other LEA's within the state	3,981,653		3,981,653	4,443,700	462,047
Tuition from individuals			140,400	210,000	69,600
Interest earned on capital reserve funds				40	40
Miscellaneous	252,298		111,898	129,048	17,150
Total revenues - local sources	18,285,866		18,285,866	18,836,703	550,837
State sources:					
Equalization aid	5,037,971		5,037,971	5,037,971	
Special education categorical aid	910,803		910,803	910,803	
Transportation aid	54,800		54,800	54,800	
Security aid	31,878		31,878	31,878	
Extraordinary aid	57,226		57,226	58,279	1,053
Additional non public transportation aid				7,099	7,099
Under adequacy aid	6,761		6,761	6,761	
On-behalf TPAF pension contributions (non-budgeted)				1,293,392	1,293,392
Reimbursed TPAF social security contributions (non-budgeted)				888,619	888,619
Total - state sources	6,099,439		6,099,439	8,289,602	2,190,163
Federal sources:					
Medicaid reimbursement	16,380		16,380	28,789	12,409
Total - federal sources:	16,380		16,380	28,789	12,409
Total revenues	24,401,685		24,401,685	27,155,094	2,753,409
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	231,750	$ 74,070	305,820	305,820	-
Kindergarten	698,183	(58,920)	639,263	638,131	1,132
Grades 1-5	1,625,276	(86,530)	1,538,746	1,522,272	16,474
Grades 6-8	1,632,186	(103,928)	1,528,258	1,523,206	5,052
Grades 9-12	3,985,966	(33,283)	3,952,683	3,932,610	20,073
Home instruction - regular programs:					
Salaries of teachers	17,950	13,458	31,408	31,349	59
Purchased Professional-Educational Services	3,000	19,000	22,000	19,301	2,699
Undistributed instruction - regular programs:					
Other salaries for instruction	255,256	2,418	257,674	257,596	78
Other purchased services	22,811	2,000	24,811	21,460	3,351
General supplies	503,681	57,304	560,985	540,962	20,023
Textbooks	23,413	15,807	39,220	36,516	2,704
Other objects	2,350	3,500	5,850	5,125	725
Total instruction - regular programs	9,001,822	(95,104)	8,906,718	8,834,348	72,370

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education:					
Resource room/center:					
Salaries of teachers	$ 1,386,487	$ 94,150	$ 1,480,637	$ 1,477,909	$ 2,728
Other salaries for instruction	251,212	60,239	311,451	298,404	13,047
Purchased professional-educational services	4,500		4,500	4,500	
General supplies	3,036	60	3,096	2,097	999
Textbooks	3,000	100	3,100	1,598	1,502
Total resource room/center	1,648,235	154,549	1,802,784	1,784,508	18,276
Preschool disabilities - part time:					
Other salaries for instruction	111,271	32,880	144,151	144,093	58
General supplies		2,000	2,000		2,000
Total preschool disabilities - part time	111,271	34,880	146,151	144,093	2,058
Total special education	1,759,506	189,429	1,948,935	1,928,601	20,334
Basic skills/remedial - instruction:					
Salaries of teachers	232,750	(97,143)	135,607	135,607	
General supplies	600		600		600
Total basic skills/remedial - instruction	233,350	(97,143)	136,207	135,607	600
Bilingual education - instruction:					
Salaries of teachers	81,000		81,000	81,000	
Total bilingual education - instruction	81,000	-	81,000	81,000	
School - sponsored cocurricular activities:					
Salaries	154,517	(517)	154,000	129,731	24,269
Supplies and materials	1,150		1,150	998	152
Total school - sponsored cocurricular activities	155,667	(517)	155,150	130,729	24,421

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School - sponsored athletics - instruction:					
Salaries	$ 267,187	$ 7,000	$ 274,187	$ 266,847	$ 7,340
Purchased services	71,300	(3,000)	68,300	57,719	10,581
Supplies and materials	32,277	3,000	35,277	35,170	107
Other objects	17,660	-	17,660	15,440	2,220
Total school - sponsored athletics - instruction	388,424	7,000	395,424	375,176	20,248
Total instruction	11,619,769	3,665	11,623,434	11,485,461	137,973
Undistributed expenditures:					
Instruction:					
Tuition to county special services	738,268	(55,131)	683,137	683,137	
Tuition to state facilities	65,650	(34,356)	31,294	28,165	3,129
Tuition to private schools for the hand - w/in state	313,690	6,039	319,729	294,557	25,172
Total instruction	1,117,608	(83,448)	1,034,160	1,005,859	28,301
Health services:					
Salaries	262,250	(65,700)	196,550	196,550	
Purchased professional and technical services	91,070	18,537	109,607	98,496	11,111
Supplies and materials	1,984	727	2,711	2,473	238
Total health services	355,304	(46,436)	308,868	297,519	11,349
Speech, OT, PT & related services:					
Salaries	381,480	38,970	420,450	419,979	471
Supplies and materials	1,000	370	1,370	1,339	31
Total speech, OT, PT & related services	382,480	39,340	421,820	421,318	502

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Other support services - students - extra services:					
Purchased professional - educational services	$ 130,830	$ (4,000)	$ 126,830	$ 93,133	$ 33,697
Total other support services - students - extra services	130,830	(4,000)	126,830	93,133	33,697
Guidance:					
Salaries of other professional staff	373,720	1,772	375,492	375,492	
Salaries of secretarial and clerical assistants	85,396	500	85,896	85,896	
Purchased professional - educational services	20,247		20,247	8,882	11,365
Other purchased professional and technical services	1,470		1,470	25	1,445
Total guidance	480,833	2,272	483,105	470,295	12,810
Child study teams:					
Salaries of other professional staff	659,799	2,086	661,885	661,235	650
Salaries of secretarial and clerical assistants	116,147	749	116,896	116,896	
Purchased professional educational services	304,674	30,602	335,276	304,120	31,156
Other purchased professional services	3,000		3,000	2,595	405
Supplies and materials	9,022	(648)	8,374	5,762	2,612
Other objects	4,500		4,500	530	3,970
Total child study teams	1,097,142	32,789	1,129,931	1,091,138	38,793
Improvement of instructional services:					
Salaries of supervisors of instruction	386,564	39,000	425,564	419,646	5,918
Salaries of secretarial and clerical assist	4,000	(2,780)	1,220	1,200	20
Other salaries	17,550	(8,498)	9,052	9,052	
Purchased professional educational services	8,000	2,993	10,993	7,702	3,291
Other purchased services	6,800	(6,475)	325		325
Supplies and materials	4,000	(2,500)	1,500	602	898
Other objects	20,600	(13,391)	7,209	5,613	1,596
Total improvement of instructional services	447,514	8,349	455,863	443,815	12,048
Educational media services/school library:					
Salaries	65,002		65,002	65,002	
Supplies and materials	6,437	(2,195)	4,242	4,197	45
Total educational media services/school library	71,439	(2,195)	69,244	69,199	45

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Purchased professional - educational services	$ -	$ 60	$ 60	$ 60	
Other salaries	400	(400)	-	-	
Other purchased services	34,500	(2,500)	32,000	13,536	$ 18,464
Supplies and materials	17,207	2,868	20,075	15,001	5,074
Other objects	4,000	-	4,000	1,210	2,790
Total instructional staff training services	56,107	28	56,135	29,807	26,328
Support services-general administration:					
Salaries	215,518	(4,500)	211,018	211,018	
Other purchased professional services	93,000	10,000	103,000	76,825	26,175
Purchased technical services	1,385	(200)	1,185	340	845
Communications/telephone	38,760	(2,060)	36,700	35,913	787
General supplies	7,100	-	7,100	5,580	1,520
Judgments against the school district	8,997	(8,997)	-	-	-
Other purchased services	-	5,360	5,360	1,470	3,890
BOE other purchased professional services	6,260	(5,360)	900	72	828
Miscellaneous expenditures	5,120	3,500	8,620	7,878	742
BOE membership dues and fees	14,300	(2,296)	12,004	12,004	-
Total support services-general administration	390,440	(4,553)	385,887	351,100	34,787
Support services-school administration:					
Salaries of principals/ assistant principals	551,400	(18,800)	532,600	532,600	
Salaries of secretarial and clerical assistants	285,548	6,771	292,319	291,487	832
Other purchased services	24,100	(1,415)	22,685	4,122	18,563
Supplies and materials	10,842	-	10,842	6,918	3,924
Other objects	8,000	(160)	7,840	6,275	1,565
Total support services-school administration	879,890	(13,604)	866,286	841,402	24,884
Central services:					
Salaries	259,876	14,141	274,017	274,017	
Purchased technical services	58,485	5,437	63,922	61,807	2,115
Purchased professional services	47,061	23,639	70,700	54,573	16,127
Miscellaneous purchased services	1,275	-	1,275	523	752
Supplies and materials	37,073	5,750	42,823	38,535	4,288
Other objects	2,639	(4)	2,635	2,453	182
Total central services	406,409	48,963	455,372	431,908	23,464
Administrative information technology:					
Salaries	178,808	(15,626)	163,182	163,115	67
Purchased technical services	47,600	(9,000)	38,600	33,834	4,766
Supplies and materials		1,358	1,358		1,358
Other objects	12,090		12,090	11,839	251
Total administrative information technology	238,498	(23,268)	215,230	208,788	6,442
Required maintenance for school facilities:					
Salaries	154,575	30,007	184,582	182,939	1,643
Cleaning, repair and maintenance services	170,824	90,624	261,448	253,625	7,823
Travel	-	100	100	100	
General supplies	95,625	(38,189)	57,436	46,033	11,403
Other objects	25,000	2,049	27,049	25,300	1,749
Total required maintenance for school facilities	446,024	84,591	530,615	507,997	22,618

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Custodial services:					
Salaries	$ 918,109	$ (8,832)	$ 909,277	$ 869,096	$ 40,181
Salaries of non instructional aides	42,750	10,511	53,261	52,889	372
Purchased professional and technical services	2,000	(2,000)			
Rental of land and building	150,000	55,000	205,000	205,000	
Other purchased property services	19,347	(1,347)	18,000	14,856	3,144
General supplies	71,938	(116)	71,822	70,804	1,018
Energy - natural gas	119,281	(19,553)	99,728	88,483	11,245
Energy - electric	463,410	(85,017)	378,393	353,737	24,656
Other objects	77,727	1	77,728	71,187	6,541
Total custodial services	1,864,562	(51,353)	1,813,209	1,726,052	87,157
Care and upkeep of grounds:					
Salaries	102,840	152	102,992	101,265	1,727
Cleaning, repair and maintenance services	34,833	9,306	44,139	36,355	7,784
General supplies	29,350	(3,652)	25,698	19,836	5,862
Total care and upkeep of grounds	167,023	5,806	172,829	157,456	15,373
Security:					
Salaries	68,564	4,715	73,279	70,481	2,798
Purchased professional and technical services	35,000		35,000	35,000	
General supplies	2,000		2,000	1,532	468
Total security	105,564	4,715	110,279	107,013	3,266
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - sp. ed.	36,720	34,220	70,940	70,940	-
Between home and school - regular	41,463	3,011	44,474	42,851	1,623
Other than between home and school	33,000	4,355	37,355	35,593	1,762
Contracted services:					
Between home & school - regular	308,701	(10,171)	298,530	268,118	30,412
Other between home & school - regular	52,479	14,917	67,396	50,986	16,410
Vendors - special ed	444,773	(51,800)	392,973	332,011	60,962
Aid in lieu payments - nonpublic schools	15,465	10,833	26,298	25,258	1,040
Lease purch payments - school buses	-	12,170	12,170	12,170	-
Miscellaneous purchased services	26,143	5,444	31,587	27,057	4,530
Total student transportation services	958,744	22,979	981,723	864,984	116,739
Unallocated benefits:					
Social security contributions	333,421	17,751	351,172	346,977	4,195
Other retirement contributions - ERIP	3,850	-	3,850	3,776	74
Other retirement contributions - regular	360,704	32,959	393,663	368,347	25,316
Group insurance	177,309	18,027	195,336	193,839	1,497
Unemployment compensation	62,192	(62,174)	18	-	18
Worker's compensation	157,977	(25,156)	132,821	132,821	-
Health insurance	2,671,734	168,993	2,840,727	2,788,784	51,943
Tuition reimbursement	50,000	(18,000)	32,000	23,564	8,436
Total unallocated benefits	3,817,187	132,400	3,949,587	3,858,108	91,479

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
On-behalf TPAF pension contributions (non-budgeted)				$ 1,293,392	$ (1,293,392)
Reimbursed TPAF social security (non-budgeted)				888,619	(888,619)
Total on-behalf and reimbursed conributions				2,182,011	(2,182,011)
Total undistributed expenditures	$ 13,413,598	$ 153,375	$ 13,566,973	15,158,902	(1,591,929)
Total current expenditures	25,033,367	157,040	25,190,407	26,644,363	(1,453,956)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Kindergarten	15,000	-	15,000	4,174	10,826
Grades 1-5	22,730		22,730	19,230	3,500
Grades 6-8	21,000	-	21,000	18,704	2,296
Grades 9-12	44,460	4,526	48,986	28,974	20,012
Undistributed expenditures:					
Support services - students - special	15,800	-	15,800	9,321	6,479
Total equipment	118,990	4,526	123,516	80,403	43,113
Facilities acquisition and construction services:					
Construction services	408,750	20,393	429,143	10,650	418,493
Other objects	70,202	(22,458)	47,744	42,970	4,774
Total facilities acquisition and construction services	478,952	(2,065)	476,887	53,620	423,267
Assets acquired under capital leases (non-budgeted)				57,314	(57,314)
Total expenditures - capital outlay	597,942	2,461	600,403	191,337	409,066
Transfer of funds to charter schools		29,988	29,988	29,988	-
Total expenditures	25,631,309	189,489	25,820,798	26,865,688	(1,044,890)
(Deficiency) excess of revenues (under) over expenditures	(1,229,624)	(189,489)	(1,419,113)	289,406	1,708,519
Other financing sources:					
Capital leases (non-budgeted)				57,314	57,314
Total other financing sources	-	-	-	57,314	57,314
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(1,229,624)	(189,489)	(1,419,113)	346,720	1,765,833
Fund balances, July 1	1,747,899		1,747,899	1,747,899	
Fund balances, June 30	$ 518,275	$ (189,489)	$ 328,786	$ 2,094,619	$ 1,765,833
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing (uses)					
Budgeted fund balance	$ (1,229,624)	$ -	$ (1,229,624)	$ 536,209	$ 1,765,833
Adjustment for prior year encumbrances		$ (189,489)	(189,489)	(189,489)	
Total	$ (1,229,624)	$ (189,489)	$ (1,419,113)	$ 346,720	$ 1,765,833

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of fund balance:					
Restricted for:					
Capital reserve				$ 311,451	
Maintenance reserve				334,070	
Excess surplus - current year				295,379	
Assigned to:					
Other purposes				118,892	
Designated for subsequent years expenditures				534,148	
Unassigned				500,679	
				2,094,619	
Reconciliation to Government Funds Statements GAAP:					
Last state aid payments not recognized on GAAP basis				(594,565)	
Fund balance per Government Funds (GAAP) (B-1)				$ 1,500,054	

Spotswood Borough School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources		$ 47,472	$ 47,472	$ 102,897	$ 55,425
Federal sources	$ 437,936	(327,940)	109,996	596,674	486,678
Other sources		605,723	605,723	12,202	(593,521)
Total revenues	437,936	325,255	763,191	711,773	(51,418)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	437,936	(320,717)	117,219	116,667	552
Tuition		310,285	310,285	310,285	
Supplies and materials		57,425	57,425	40,599	16,826
Textbooks		15,000	15,000	13,478	1,522
Other objects		4,650	4,650	3,000	1,650
Total instruction	437,936	66,643	504,579	484,029	20,550
Support services:					
Salaries		10,174	10,174	2,852	7,322
Personnel services--employee benefits		24,473	24,473	22,701	1,772
Purchased professional technical services		24,989	24,989	18,489	6,500
Miscellaneous purchased services		93,899	93,899	93,477	422
Supplies and materials		9,927	9,927	9,656	271
Miscellaneous expenditures		2,000	2,000	-	2,000
Total support services	-	165,462	165,462	147,175	18,287
Capital outlay:					
Equipment - Instructional		80,569	80,569	80,569	-
Equipment - Non Instructional		12,581	12,581	-	12,581
Total capital outlay	-	93,150	93,150	80,569	12,581
Total expenditures	437,936	325,255	763,191	711,773	51,418
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Spotswood Borough School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2014

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	$ 27,155,094	$ 711,773
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		(25,361)
Prior year (net of cancellations)		14,856
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	591,822	
Current year	(594,565)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	$ 27,152,351	$ 701,268
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	$ 26,865,688	$ 711,773
Differences - budget to GAAP		
Encumbrances (net) 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.		
Current year		(25,361)
Prior year (net of cancellations)		14,856
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	$ 26,865,688	$ 701,268

Supplementary Information

Special Revenue Fund

Spotswood Township School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2014

	Title I Regular Part A	Title II Part A Regular	Title III Regular	I.D.E.A. Part B Regular	I.D.E.A. Preschool Regular	Non Public Programs Auxiliary Services Transportation	Non Public Programs Auxiliary Services Compensatory Education
Revenues:							
State sources						$ 3,834	$ 18,147
Federal sources	$ 168,502	$ 26,123	$ 27,700	$ 353,644	$ 20,705		
Other sources							
Total revenues	$ 168,502	$ 26,123	$ 27,700	$ 353,644	$ 20,705	$ 3,834	$ 18,147
Expenditures:							
Current expenditures:							
Instruction:							
Salaries of teachers	$ 68,016	$ 20,839		$ 11,612	$ 16,200		
Tuition to other LEAs within the State				310,285			
Supplies and materials	1,828		$ 27,700	5,792	4,505		
Textboks							
Other objects							
Total instruction	69,844	20,839	27,700	327,689	20,705		
Support services:							
Salaries	2,852						
Personnel services–employee benefits	15,237	4,793		2,671			
Purchased professional and technical services		491		17,998			
Purchased professional educational services						$ 3,834	$ 18,147
Supplies and materials				5,286			
Total support services	18,089	5,284		25,955		3,834	18,147
Capital outlay:							
Instructional equipment	80,569						
Total capital outlay	80,569						
Total expenditures	$ 168,502	$ 26,123	$ 27,700	$ 353,644	$ 20,705	$ 3,834	$ 18,147

Spotswood Township School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2014

	Non Public Programs								
				Handicapped Services					
	Textbooks	Nursing	Technology	Exam and Classification	Supplemental Instruction	Corrective Speech	EE4NJ	Local Programs	Totals
Revenues:									
State sources	$ 13,478	$ 19,565	$ 5,064	$ 7,147	$ 4,944	$ 11,718	$ 19,000		$ 102,897
Federal sources									596,674
Other sources								$ 12,202	12,202
Total revenues	$ 13,478	$ 19,565	$ 5,064	$ 7,147	$ 4,944	$ 11,718	$ 19,000	$ 12,202	$ 711,773
Expenditures:									
Current expenditures:									
Instruction:									
Salaries of teachers									$ 116,667
Tuition to other LEAs within the State									310,285
Supplies and materials								$ 774	40,599
Textboks	$ 13,478								13,478
Other objects								3,000	3,000
Total instruction	13,478							3,774	484,029
Support services:									
Salaries									2,852
Personnel services–employee benefits									22,701
Purchased professional and technical services									18,489
Purchased professional educational services		$ 19,565	$ 5,064	$ 7,147	$ 4,944	$ 11,718	$ 19,000	4,058	93,477
Supplies and materials								4,370	9,656
Total support services		19,565	5,064	7,147	4,944	11,718	19,000	8,428	147,175
Capital outlay:									
Instructional equipment									80,569
Total capital outlay								-	80,569
Total expenditures	$ 13,478	$ 19,565	$ 5,064	$ 7,147	$ 4,944	$ 11,718	$ 19,000	$ 12,202	$ 711,773

Capital Projects Fund

Spotswood Township School District
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status

(Budgetary Basis)

Year ended June 30, 2014

Expenditures		
Construction services	$	5,000
Total expenditures		5,000
(Deficiency) of revenues under expenditures		(5,000)
Fund Balance, July 1		189,961
Fund Balance, June 30	$	184,961

Spotswood Township School District
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

School Energy Savings

From Inception and for the year ended June 30, 2014

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	$ 2,630,000		$ 2,630,000	$ 2,630,000
Premium on bonds	75,415		75,415	75,415
Total revenues	2,705,415	-	2,705,415	$ 2,705,415
Expenditures and Other Financing Uses				
Purchased professional and technical services	83,095		83,095	
Construction services	2,367,383	$ 5,000	2,372,383	
Other	64,976		64,976	
Total expenditures	2,515,454	5,000	2,520,454	
Excess (deficiency) of revenues over (under) expenditures	$ 189,961	$ (5,000)	$ 184,961	

Additional project information	
Project number	N/A
Grant date	N/A
Bond authorization date	2/21/2012
Bonds Authorized	$ 2,630,000
Bonds Issued	2,630,000
Original Authorized Cost	2,705,415
Additional Authorized Cost	-
Revised Authorized Cost	2,705,415
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	93.16%
Original target completion date	9/30/2012
Revised target completion date	8/31/2013

Spotswood Township School District
Capital Projects Fund

Summary Schedule of Project Expenditures
(Budgetary Basis)

From Inception and for the year ended June 30, 2014

Issue/Project Title	Appropriations	Expenditures to Date		Unexpended Balance
		Prior Years	Current Year	
School Energy Savings	$ 2,705,415	$2,515,454	$ 5,000	$ 184,961
	$ 2,705,415	$2,515,454	$ 5,000	$ 184,961

Components of appropriations

Bonds	$ 2,630,000
Premium on Bonds	75,415
	$ 2,705,415

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Fiduciary Funds

Spotswood Borough School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2014

	Trust	Agency		
	Unemployment Compensation	Student Activity	Payroll	Total Agency
Assets				
Cash and cash equivalents	$ 74,813	$ 234,720	$ 692,970	$ 927,690
Interfund receivable	60,518			
Total assets	135,331	$ 234,720	$ 692,970	$ 927,690
Liabilities				
Accounts payable	13,941			
Payroll deductions and withholdings payable and summer escrow payable			$ 536,439	$ 536,439
Interfund payable			156,531	156,531
Due to student groups		$ 234,720		234,720
Total liabilities	13,941	$ 234,720	$ 692,970	$ 927,690
Net position				
Held in trust for unemployment claims	$ 121,390			

Spotswood Borough School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2014

	Unemployment Compensation Fund
Additions:	
Contributions from plan members	$ 27,650
Total additions	27,650
Deductions:	
Unemployment benefits claims paid	72,441
Total deductions	72,441
Change in net position	(44,791)
Net position, beginning of year	166,181
Net position, end of year	$ 121,390

Spotswood Borough School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Elementary Schools				
Appleby	$ 3,228	$ 54,500	$ 47,900	$ 9,828
Schoenly	18,578	10,730	14,323	14,985
Total Elementary Schools	21,806	65,230	62,223	24,813
Middle School				
Memorial School	22,188	31,978	32,671	21,495
Total Middle School	22,188	31,978	32,671	21,495
Senior High School				
Spotswood High School	122,740	279,489	279,502	122,727
Athletic Fund	44,373	141,541	120,229	65,685
Total Senior High School	167,113	421,030	399,731	188,412
Total all schools	$ 211,107	$ 518,238	$ 494,625	$ 234,720

Spotswood Borough School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Assets				
Cash and cash equivalents	$ 560,101	$ 18,692,544	$ 18,559,675	$ 692,970
Total assets	$ 560,101	$ 18,692,544	$ 18,559,675	$ 692,970
Liabilities				
Payroll deductions and withholdings and summer escrow payable	$ 407,022	$ 18,220,586	$ 18,091,169	$ 536,439
Interfund payable	153,079	471,958	468,506	156,531
Total liabilities	$ 560,101	$ 18,692,544	$ 18,559,675	$ 692,970

Long-Term Debt

Spotswood Borough School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2013	Retired	Balance June 30, 2014
Refunding School Bonds	12/15/2002	$ 2,645,000	11/1/2014	$ 250,000	4.00%	$ 505,000	$ 255,000	$ 250,000
Refunding School Bonds	5/16/2011	7,135,000	1/15/2015	560,000	2.00	6,680,000	540,000	6,140,000
			1/15/2016	570,000	3.00			
			1/15/2017	580,000	3.00			
			1/15/2018	595,000	2.63			
			1/15/2019	605,000	3.00			
			1/15/2020	615,000	3.49			
			1/15/2021	625,000	4.65			
			1/15/2022	650,000	4.00			
			1/15/2023	665,000	4.25			
			1/15/2024	675,000	4.25			
School Energy Savings Obligation Refunding Bonds	4/24/2012	2,630,000	4/1/2015	105,000	2.00	2,475,000	205,000	2,270,000
			4/1/2016	115,000	2.00			
			4/1/2017	125,000	2.00			
			4/1/2018	135,000	2.00			
			4/1/2019	145,000	2.00			
			4/1/2020	155,000	2.25			
			4/1/2021	165,000	2.25			
			4/1/2022	180,000	2.25			
			4/1/2023	195,000	3.75			
			4/1/2024	210,000	3.75			
			4/1/2025	230,000	3.75			
			4/1/2026	245,000	3.75			
						$ 9,660,000	$ 1,000,000	$ 8,660,000

Spotswood Borough School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2014

Series	Interest Rate Payable	Amount of Original Issue	Balance July 1, 2013	Issued Current Year	Retired Current Year	Balance June 30, 2014
2013-2014 Alliance Bus Group - School Bus	2.950%	$ 57,314		$ 57,314	$ 12,024	$ 45,290
			$ -	$ 57,314	$ 12,024	$ 45,290

Spotswood Borough School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	$ 951,985		$ 951,985	$ 951,985	
State sources:					
Debt Service Aid Type II	59,362		59,362	59,362	
Total revenues	1,011,347		1,011,347	1,011,347	-
Expenditures:					
Interest on bonds	249,638		249,638	249,638	
Principal on bonds	795,000		795,000	795,000	
Total expenditures	1,044,638		1,044,638	1,044,638	-
(Deficiency) of revenues (under) expenditures	(33,291)		(33,291)	(33,291)	-
Fund balance, July 1	33,291		33,291	33,291	
Fund balance, June 30	$ -	$ -	$ -	$ -	$ -

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Statistical Section
(Unaudited)

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

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

Spotswood Borough School District
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 6,164,049	$ 6,623,975	$ 7,435,707	$ 7,754,182	$ 7,934,811	$ 8,405,875	$ 8,730,524	$ 9,274,773	$ 10,401,006	$ 10,472,674
Restricted	681,014	1,034,224	1,203,732	2,129,345	1,802,712	1,464,885	2,050,004	2,338,662	859,010	1,125,861
Unrestricted (deficit)	588,102	109,077	297,690	(409,265)	(611,050)	(455,629)	(159,403)	(195,248)	(209,416)	(400,529)
Total governmental activities net position	$ 7,433,165	$ 7,767,276	$ 8,937,129	$ 9,474,262	$ 9,126,473	$ 9,415,131	$ 10,621,125	$ 11,418,187	$ 11,050,600	$ 11,198,006
Business-type activities										
Net investment in capital assets							$ 9,252	$ 7,032	$ 4,812	$ 2,592
Unrestricted	$ 104,792	$ 164,723	$ 181,104	$ 214,541	$ 222,264	$ 266,616	357,029	468,337	509,465	404,846
Total business-type activities net position	$ 104,792	$ 164,723	$ 181,104	$ 214,541	$ 222,264	$ 266,616	$ 366,281	$ 475,369	$ 514,277	$ 407,438
Government-wide										
Net investment in capital assets	$ 6,164,049	$ 6,623,975	$ 7,435,707	$ 7,754,182	$ 7,934,811	$ 8,405,875	$ 8,739,776	$ 9,281,805	$ 10,405,818	$ 10,475,266
Restricted	681,014	1,034,224	1,203,732	2,129,345	1,802,712	1,464,885	2,050,004	2,338,662	859,010	1,125,861
Unrestricted (deficit)	692,894	273,800	478,794	(194,724)	(388,786)	(189,013)	197,626	273,089	300,049	4,317
Total district net position	$ 7,537,957	$ 7,931,999	$ 9,118,233	$ 9,688,803	$ 9,348,737	$ 9,681,747	$ 10,987,406	$ 11,893,556	$ 11,564,877	$ 11,605,444

Source: CAFR Schedule A-1

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

Spotswood Borough School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction	$ (12,188,549)	$ (13,402,236)	$ (13,816,578)	$ (14,472,637)	$ (15,601,128)	$ (16,411,805)	$ (16,170,747)	$ (16,945,523)	$ (18,078,475)	$ (17,813,904)
Support services:										
Health services	(255,683)	(274,017)	(327,464)	(321,759)	(367,124)	(367,615)	(360,310)	(443,106)	(481,418)	(389,396)
Other support services	(2,166,187)	(2,327,920)	(2,583,125)	(2,579,440)	(2,786,355)	(2,672,857)	(2,446,934)	(2,590,171)	(2,988,712)	(2,965,175)
Improvement of instruction	(584,927)	(605,402)	(532,211)	(603,546)	(517,597)	(551,552)	(385,422)	(443,149)	(462,145)	(633,328)
School library	(199,536)	(204,068)	(209,838)	(218,828)	(224,705)	(224,678)	(98,143)	(97,094)	(95,850)	(97,970)
Instructional staff training	(16,136)	(15,790)	(96,543)	(118,667)	(122,610)	(118,111)	(27,858)	(46,764)	(38,971)	(31,455)
General administration	(482,958)	(475,189)	(497,106)	(539,341)	(488,776)	(509,212)	(443,942)	(462,852)	(452,165)	(451,491)
School administration	(1,159,719)	(1,213,758)	(1,266,026)	(1,345,116)	(1,141,868)	(1,200,129)	(1,141,675)	(1,159,893)	(1,225,996)	(1,204,169)
Support services	(10,525)									
Central services	(596,799)	(557,619)	(503,311)	(510,976)	(520,339)	(572,572)	(521,992)	(635,231)	(574,314)	(558,885)
Administration and information technology	(153,578)	(122,789)	(145,278)	(153,257)	(200,485)	(223,036)	(236,545)	(234,930)	(253,784)	(284,986)
Required maintenance of plant services	(576,110)	(495,606)	(698,302)	(655,836)	(603,992)	(548,616)	(606,166)	(451,913)	(495,613)	(606,288)
Operation of plant	(1,864,171)	(1,996,250)	(2,107,054)	(2,268,246)	(2,436,869)	(2,143,438)	(2,372,320)	(2,181,727)	(2,318,083)	(2,229,264)
Student transportation	(462,238)	(565,767)	(486,704)	(486,097)	(687,267)	(942,950)	(931,463)	(920,032)	(1,032,159)	(970,135)
Transfer to charter schools										(29,988)
Business and other support services & benefits	(72,696)	(125,592)	(132,827)	(150,087)						
Capital outlay		(81,513)	(98,402)							
Interest on long term debt	(572,693)	(544,528)	(510,538)	(482,974)	(444,899)	(412,248)	(263,696)	(299,641)	(312,582)	(451,126)
Total governmental activities expenses	(21,362,505)	(23,008,044)	(24,011,307)	(24,906,807)	(26,144,014)	(26,898,819)	(26,007,213)	(26,912,026)	(28,810,267)	(28,717,560)
Business-type activities:										
Food service	(460,820)	(479,056)	(486,754)	(546,274)	(572,008)	(566,808)	(541,641)	(568,570)	(566,894)	(530,804)
CARES	(256,918)	(314,544)	(323,554)	(280,008)	(345,323)	(279,217)	(314,546)	(312,307)	(343,819)	(418,544)
Printing services					(5,378)	(14,811)	(19,006)	-	-	-
Total business-type activities expense	(717,738)	(793,600)	(810,308)	(826,282)	(922,709)	(860,836)	(875,193)	(880,877)	(910,713)	(949,348)
Total district expenses	$ (22,080,243)	$ (23,801,644)	$ (24,821,615)	$ (25,733,089)	$ (27,066,723)	$ (27,759,655)	$ (26,882,406)	$ (27,792,903)	$ (29,720,980)	$ (29,666,908)
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	$ 6,387,911	$ 6,760,319	$ 7,158,656	$ 6,806,025	$ 7,271,245	$ 3,906,064	$ 4,686,085	$ 4,192,661	$ 4,121,660	$ 4,653,700
Operating grants and contributions	805,699	926,968	862,214	690,748	705,662	1,046,228	685,679	695,364	695,440	701,268
Capital grants and contributions	1,404,499	25,169	5,661	3,353		56,274				
Total governmental activities program revenues	8,598,109	7,712,456	8,026,531	7,500,126	7,976,907	5,008,566	5,371,764	4,888,025	4,817,100	5,354,968
Business-type activities:										
Charges for services:										
Food service	358,976	386,327	400,706	450,268	463,144	430,963	414,931	421,985	401,484	314,119
CARES	256,750	315,308	323,645	299,921	345,363	324,091	367,235	406,177	383,822	398,024
Printing services					2,729	742	2,243	-		
Operating grants and contributions	79,995	87,126	95,502	106,518	117,150	147,881	156,428	161,769	164,315	130,366
Total business type activities program revenues	695,721	788,761	819,853	856,707	928,386	903,677	940,837	989,931	949,621	842,509
Total district program revenues	$ 9,293,830	$ 8,501,217	$ 8,846,384	$ 8,356,833	$ 8,905,293	$ 5,912,243	$ 6,312,601	$ 5,877,956	$ 5,766,721	$ 6,197,477
Net (Expense)/Revenue										
Governmental activities	$ (12,764,396)	$ (15,295,588)	$ (15,984,776)	$ (17,406,681)	$ (18,167,107)	$ (21,890,253)	$ (20,635,449)	$ (22,024,001)	$ (23,993,167)	$ (23,362,592)
Business-type activities	(22,017)	(4,839)	9,545	30,425	5,677	42,841	65,644	109,054	38,908	(106,839)
Total district-wide net (expense)/ revenue	$ (12,786,413)	$ (15,300,427)	$ (15,975,231)	$ (17,376,256)	$ (18,161,430)	$ (21,847,412)	$ (20,569,805)	$ (21,914,947)	$ (23,954,259)	$ (23,469,431)

Spotswood Borough School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	$ 7,898,614	$ 8,696,492	$ 9,401,560	$ 9,979,959	$ 9,986,751	$ 13,204,758	$ 13,566,885	$ 13,804,809	$ 13,804,809	$ 14,053,915
Property taxes levied for debt service	1,222,138	1,217,715	1,251,937	1,241,884	1,230,839	1,155,039	1,156,464	1,037,781	1,003,113	951,985
State sources	5,393,808	5,593,023	6,291,664	6,545,839	6,547,882	6,742,727	7,023,008	7,671,764	8,618,571	8,346,221
Federal sources						964,809	70,455	187,480	32,788	28,789
Investment earnings	38,651	81,478	90,936	71,221	35,994	19,588	10,522	3,476	208	40
Miscellaneous income	117,704	99,491	118,532	104,911	17,852	267,944	47,590	115,753	166,091	129,048
Transfers	(20,187)	(58,500)					(33,481)			
Cancellation of prior year accounts receivable						(175,954)				
Total governmental activities	14,650,728	15,629,699	17,154,629	17,943,814	17,819,318	22,178,911	21,841,443	22,821,063	23,625,580	23,509,998
Business-type activities:										
Investment earnings	1,662	6,270	6,836	3,012	2,046	1,511	540	34		
Transfers	20,187	58,500					33,481			
Total business-type activities	21,849	64,770	6,836	3,012	2,046	1,511	34,021	34	-	-
Total district-wide	$ 14,672,577	$ 15,694,469	$ 17,161,465	$ 17,946,826	$ 17,821,364	$ 22,180,422	$ 21,875,464	$ 22,821,097	$ 23,625,580	$ 23,509,998
Change in Net Position										
Governmental activities	$ 1,886,332	$ 334,111	$ 1,169,853	$ 537,133	$ (347,789)	$ 288,658	$ 1,205,994	$ 797,062	$ (367,587)	$ 147,406
Business-type activities	(168)	59,931	16,381	33,437	7,723	44,352	99,665	109,088	38,908	(106,839)
Total district	$ 1,886,164	$ 394,042	$ 1,186,234	$ 570,570	$ (340,066)	$ 333,010	$ 1,305,659	$ 906,150	$ (328,679)	$ 40,567

Source: CAFR Schedule A-2

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

Spotswood Borough School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved										
Encumbrances	$ 105,791	$ 263,843	$ 155,583	$ 114,738		$ 229,548				
Adult school										
Tuition reserve	200,000	200,000	450,000	250,000	$ 250,000					
Capital reserve	1	938	987	415,027	607,148	609,315				
Maintenance reserve						500,000				
Legally restricted for tax relief										
Excess surplus-current year	280,039	249,281	624,316	510,854	215,917	139,652				
Excess surplus-prior year		280,039	249,281	624,316	510,854	215,917				
Unreserved										
Designated for subsequent years	993,469	69,961	519,340	275,292	499,521	434,174				
Undesignated (deficit)	215,046	225,261	215,017	222,852	(33,545)	(128,851)				
Restricted										
Excess surplus-prior year							$ 139,652	$ 460,140	$ 390,277	
Excess surplus-current year							460,140	390,277		$ 295,379
Capital reserve							709,941	714,684	111,411	311,451
Maintenance reserve							440,270	440,270	134,070	334,070
Tuition reserve							300,000	300,000		
Assigned										
Designated for subsequent years							415,348	172,562	520,319	534,148
Other purposes							64,598	270,502		
Unassigned							51,207			25,006
Total general fund	$ 1,794,346	$ 1,289,323	$ 2,214,524	$ 2,413,079	$ 2,049,895	$ 1,999,755	$ 2,581,156	$ 2,748,435	$ 1,156,077	$ 1,500,054
All Other Governmental Funds										
Reserved	$ 80,676	$ 592,555								
Unreserved, reported in:										
Capital projects fund (deficit)	101,677	222,108	$ 329,146	$ 329,146	$ 218,793					
Debt service fund	18,621	18,623	2	2		$ 1				
Restricted										
Capital projects								$ 2,047,718	$ 189,961	$ 184,961
Debt service							$ 1	33,291	33,291	
Total all other governmental funds	$ 200,974	$ 833,286	$ 329,148	$ 329,148	$ 218,793	$ 1	$ -	$ 2,081,009	$ 223,252	$ 184,961
TOTAL FUND BALANCES	$ 1,995,320	$ 2,122,609	$ 2,543,672	$ 2,742,227	$ 2,268,688	$ 1,999,756	$ 2,581,156	$ 4,829,444	$ 1,379,329	$ 1,685,015

Source: CAFR Schedule B-1

Note: The significant changes in the capital projects fund is the result of the issuance of debt offset with capital expenditures.

GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (see footnote #1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

Spotswood Borough School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	$ 9,120,752	$ 9,914,207	$ 10,653,497	$ 11,221,843	$ 11,217,590	$ 14,359,797	$ 14,723,349	$ 14,842,590	$ 14,807,922	$ 15,005,900
Tuition charges	6,387,911	6,760,319	7,158,656	6,806,025	7,271,245	3,906,064	4,686,085	4,192,661	4,121,660	4,653,700
Interest earnings	38,651	81,478	90,936	71,221	35,994	19,588	10,522	3,476	208	40
Miscellaneous	118,650	129,527	134,951	107,111	33,362	271,381	53,417	153,139	178,088	141,250
State sources	7,047,403	5,943,013	6,578,671	6,727,520	6,749,003	6,959,150	7,112,497	7,755,958	8,709,130	8,449,118
Federal sources	555,657	572,111	564,449	510,220	489,031	1,847,451	660,818	761,264	625,672	614,958
Total revenue	23,269,024	23,400,655	25,181,160	25,443,940	25,796,225	27,363,431	27,246,688	27,709,088	28,442,680	28,864,966
Expenditures										
Current										
Instruction	8,844,605	9,314,214	9,571,219	10,097,307	11,491,356	11,844,744	11,190,311	11,621,945	11,973,114	11,967,487
Undistributed - current										
Instruction	476,769	480,539	285,271	263,086	426,285	556,431	874,112	1,014,230	1,052,042	1,005,859
Health services	200,868	205,947	248,324	237,046	285,426	279,581	262,027	340,765	361,018	297,519
Support services	1,741,232	1,807,728	1,976,467	1,935,311	2,199,534	2,071,273	1,900,296	1,995,896	2,240,426	2,206,349
Improvement of instruction	458,729	456,222	365,982	418,729	383,442	402,949	277,678	317,642	319,706	443,815
School library	155,186	149,762	150,338	159,211	171,070	168,896	73,736	71,920	66,865	69,199
Instructional staff training	15,763	15,214	87,852	102,208	104,111	100,900	26,616	44,923	37,121	29,807
General administration	383,157	367,440	378,820	416,116	400,539	409,226	358,370	370,632	350,652	351,100
School administration	856,940	853,535	873,177	934,079	851,452	876,282	822,073	832,446	847,141	841,402
Support services	10,281									
Central services	480,777	427,002	377,050	383,875	427,982	456,939	409,177	497,646	435,944	429,958
Administrative information technology	125,165	89,980	108,564	113,138	156,386	172,483	180,827	180,261	188,159	210,738
Required maintenance of plant services	501,141	408,942	598,595	558,926	522,000	468,852	524,905	378,188	402,249	507,997
Operation of plant	1,501,642	1,564,779	1,641,601	1,788,205	1,985,867	1,682,635	1,928,999	1,714,747	1,769,791	1,714,734
Student transportation	438,659	529,740	450,226	448,233	634,074	876,800	860,500	847,579	939,768	864,983
Business and other support services and benefits	3,068,633	3,319,548	3,323,462	3,550,683	3,053,805	3,623,469	3,522,241	3,644,388	3,881,396	3,858,108
On-behalf TPAF social security and pension contrib.	1,148,418	1,371,189	2,071,330	2,123,784	1,598,936	1,612,726	1,684,285	1,999,187	2,504,286	2,182,011
Charter schools										29,988
Capital outlay	4,553,805	527,766	871,927	358,317	236,884	614,245	511,019	1,158,369	3,272,929	285,115
Debt service										
Principal	769,000	770,000	855,000	865,000	883,000	815,000	835,000	875,000	945,000	1,000,000
Interest and other charges	584,340	555,319	524,892	492,131	457,615	422,978	389,634	195,476	305,188	320,425
Cost of issuance							101,922	64,976		
Total expenditures	26,315,110	23,214,866	24,760,097	25,245,385	26,269,764	27,456,409	26,733,728	28,166,216	31,892,795	28,616,594
Excess (Deficit) of revenues over (under) expenditures	(3,046,086)	185,789	421,063	198,555	(473,539)	(92,978)	512,960	(457,128)	(3,450,115)	248,372
Other financing sources (uses)										
Refunding bonds issued							7,340,000	2,630,000		
Premium on bonds issued							259,263	75,415		
Payment to refunding bond escrow agent							(7,497,341)			
Cancellation of prior year accounts receivable						(175,954)				
Transfers in	9,045	728,016	2,614	1,482	281,045	42,972				
Transfers out	(29,232)	(786,516)	(2,614)	(1,482)	(281,045)	(42,972)	(33,481)			
Capital leases										57,314
Total other financing sources (uses)	(20,187)	(58,500)	-	-	-	(175,954)	68,441	2,705,415	-	57,314
Net change in fund balances	$ (3,066,273)	$ 127,289	$ 421,063	$ 198,555	$ (473,539)	$ (268,932)	$ 581,401	$ 2,248,287	$ (3,450,115)	$ 305,686
Debt service as a percentage of noncapital expenditures	6%	6%	6%	5%	5%	5%	5%	4%	4%	5%

Source: CAFR Schedule B-2

Spotswood Borough School District
General Fund Other Local Revenue By Source
Last Ten Fiscal Years
(Modified accrual basis of accounting)
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Prior Year Refunds	Helmetta Fund Balance	Misc.	Total
2005	$ 29,606	$ 6,387,911			$ 117,133	$ 6,534,650
2006	70,128	6,760,319			99,491	6,929,938
2007	88,322	7,158,656			118,532	7,365,510
2008	69,739	6,806,025			104,911	6,980,675
2009	35,422	7,271,245			17,852	7,324,519
2010	19,486	3,906,064		$ 150,000	117,944	4,193,494
2011	10,522	4,686,085			47,590	4,744,197
2012	3,476	4,192,661	$ 71,345		44,408	4,311,890
2013	208	4,121,660	53,746		112,345	4,287,959
2014	40	4,653,700			129,048	4,782,788

Source: District Records.

Spotswood Borough School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Fiscal Year Ended June 30,	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate [b]
2005	$ 736,976,729 *	$ 678,992,825	$ 1.29
2006	739,666,679	761,738,710	1.39
2007	746,290,022	875,661,916	1.47
2008	751,746,603	947,878,445	1.49
2009	742,085,200	916,494,010	1.50
2010	741,209,700	881,343,282	1.53
2011	741,209,700	833,194,357	1.56
2012	741,357,090	777,395,907	1.58
2013	743,160,216	756,588,852	1.60
2014	741,621,214	767,576,473	1.63

Helmetta Borough

Fiscal Year Ended June 30,	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate [b]
2005	$ 63,787,570	$ 214,703,304	$ 4.00
2006	64,478,264	245,640,394	4.61
2007	64,478,264	245,640,394	4.61
2008	249,543,139 *	241,061,040	1.26
2009	247,741,799	241,061,040	1.26
2010	244,711,722	244,711,722	1.28
2011	246,737,300	237,253,437	1.28
2012	188,045,609	215,981,697	1.67
2013	187,082,101	201,798,247	1.66
2014	186,972,599	199,105,447	1.62

Source: District records, Tax list summary, Abstract of Ratables, Budget Book-F46, & 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 ordered by the County Board of Taxation.

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

b Tax rates are per $100; Obtained from F46 Estimated Total School Tax Rate.

n/a: Information is not available.

Spotswood Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Spotswood Board of Education	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Total Direct	Spotswood Borough	Middlesex County	
2005	$ 1.29	$ 0.54	$ 0.30	$ 2.13
2006	1.39	0.59	0.30	2.28
2007	1.47	0.65	0.30	2.42
2008	1.49	0.74	0.32	2.55
2009	1.50	0.78	0.34	2.62
2010	1.53	0.81	0.37	2.71
2011	1.56	0.87	0.41	2.83
2012	1.58	0.83	0.37	2.78
2013	1.59	0.84	0.37	2.80
2014	1.63	0.89	0.41	2.93

Source: District Records Abstract of Ratables and Municipal Tax Collector.

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.

Spotswood Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Total Direct	Municipality of Helmetta	Middlesex County	
2005	$ 4.00	$ 1.33	$ 0.94	$ 6.27
2006	4.61	1.46	1.01	7.08
2007	4.61	1.46	1.01	7.08
2008	1.26	0.44	0.31	2.01
2009	1.26	0.44	0.28	1.98
2010	1.28	0.45	0.31	2.04
2011	1.28	0.47	0.34	2.09
2012	1.67	0.64	0.37	2.68
2013	1.59	0.65	0.37	2.61
2014	1.62	0.66	0.44	2.72

Source: District Records Abstract of Ratables and Municipal Tax Collector.

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.

Spotswood Borough School District
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Spotswood Borough

	2014		2005	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Spotswood Shopping Center, Inc.	$ 9,800,000	1.32%	$ 2,950,900	0.58%
Clearwater Village	9,533,700	1.29%	n/a	n/a
Schweitzer-Mauduit	8,228,800	1.11%	4,446,700	0.87%
Inland Container	6,500,000	0.88%	2,350,000	0.46%
Renaissance Properties	5,300,000	0.71%	n/a	n/a
Robert Maglies	4,471,300	0.60%	1,262,400	0.25%
Gillette Enterprises	3,496,300	0.47%	1,661,600	0.32%
Citadel Brookview LLC	2,721,700	0.45%	n/a	n/a
Summerhill Corners Association	2,860,500	0.32%	n/a	n/a
KLIA Properties, LLC	2,943,500	0.40%	n/a	n/a
Total	$ 55,855,800	7.56%	$ 12,671,600	2.48%

Source: District CAFR & Municipal Tax Assessor.

n/a: Information is not available.

Spotswood Borough School District
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Helmetta Borough

	2014		2005	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Sutton Plaza Associates	$ 1,422,600	0.76%	n/a	n/a
Aggo LLC	817,100	0.44%	n/a	n/a
Bohinski, Loretta	816,300	0.44%	n/a	n/a
Buchan, William & Roseann	711,900	0.38%	n/a	n/a
Kaplan at Helmetta, LLC	690,600	0.37%	n/a	n/a
Kaplan at Helmetta, LLC	591,800	0.32%	n/a	n/a
Bohinski, Charles & Sandra	568,600	0.30%	n/a	n/a
Raczynski, Anthony & Barbara	541,200	0.29%	n/a	n/a
Beecher, J & H	514,800	0.28%	n/a	n/a
Bohinski, Mark & Meredith	471,000	0.25%	n/a	n/a
Total	$ 7,145,900	3.82%	n/a	n/a

Source: District CAFR & Municipal Tax Assessor.

n/a: Information is not available.

Spotswood Borough School District
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	$ 9,120,752	$ 9,120,752	100.00%	-
2006	9,914,207	9,914,207	100.00%	-
2007	10,653,497	10,653,497	100.00%	-
2008	11,221,843	11,221,843	100.00%	-
2009	11,217,590	11,217,590	100.00%	-
2010	11,217,593	11,217,593	100.00%	-
2011	11,557,816	11,557,816	100.00%	-
2012	11,671,625	11,671,625	100.00%	-
2013	11,660,426	11,660,426	100.00%	-
2014	11,890,990	11,781,309	99.08%	$ 109,681

Helmetta Borough

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	$ 4,053,308	$ 4,053,308	100.00%	$ -
2006	4,053,308	4,053,308	100.00%	-
2007	4,787,617	4,787,617	100.00%	-
2008	3,069,427	3,069,427	100.00%	-
2009	3,069,427	3,069,427	100.00%	-
2010	3,142,204	3,142,204	100.00%	-
2011	3,165,533	3,165,533	100.00%	-
2012	3,170,965	3,170,965	100.00%	-
2013	3,147,496	3,147,496	100.00%	-
2014	3,114,910	3,114,910	100.00%	-

Note: School taxes are collected by the Municipal Tax Collectors. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

Spotswood Borough

	Governmental Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	School Energy Savings Obligation Refunding Bonds	Obligations Under Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005	$ 13,728,000			$ 13,728,000	0.30%	$ 40,826
2006	12,958,000			12,958,000	0.34%	44,204
2007	12,103,000			12,103,000	0.39%	46,991
2008	11,238,000			11,238,000	0.44%	49,464
2009	10,355,000			10,355,000	0.45%	46,912
2010	9,540,000			9,540,000	0.51%	48,256
2011	8,850,000			8,850,000	0.56%	49,203
2012	7,975,000	$ 2,630,000		10,605,000	n/a	n/a
2013	7,185,000	2,475,000		9,660,000	n/a	n/a
2014	6,390,000	2,270,000	$ 45,290	8,705,290	n/a	n/a

Source: District CAFR Schedules I-1, I-2.

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

Note: Not applicable for Helmetta.

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

Spotswood Borough School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Fiscal Year Ended June 30,	Debt Outstanding: Bonded Debt	Debt Outstanding: Deduction	Debt Outstanding: Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	$ 13,728,000		$ 13,728,000	0.02%	$ 40,826
2006	12,958,000		12,958,000	0.02%	44,204
2007	12,103,000		12,103,000	0.02%	46,991
2008	11,238,000		11,238,000	0.01%	49,464
2009	10,355,000		10,355,000	0.01%	46,912
2010	9,540,000		9,540,000	0.01%	48,256
2011	8,850,000		8,850,000	0.01%	49,203
2012	10,605,000	$ 2,630,000	7,975,000	0.01%	n/a
2013	9,660,000	2,475,000	7,185,000	0.01%	n/a
2014	8,705,290	2,270,000	6,435,290	0.01%	n/a

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

Note: Not applicable for Helmetta.

a See J-6 for property tax data; Divide Net General Bonded Debt Outstanding by Net Valuation Taxable (J-6)

b Population data can be found in J-14; Divide Net General Bonded Debt Outstanding by Population (J-14)

Spotswood Borough School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2014
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
County of Middlesex			N/A
Spotswood Borough			N/A
Helmetta Borough			N/A
Other debt			
Middlesex County General Obligation Debt			N/A
Subtotal, overlapping debt			N/A
Spotswood Borough School District Direct Debt			N/A
Total direct and overlapping debt			N/A

Sources: Spotswood and Helmetta Borough Chief Finance Officers, Middlesex County Finance Office.

N/A - Information was not available.

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

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

Spotswood Borough School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized valuation basis		
	2014	$ 767,576,473	
	2013	756,588,852	
	2012	777,395,907	
	[A]	$ 2,301,561,232	
	[A/3]	$ 767,187,077	
Debt limit (4 % of average equalization value)	[B]	30,687,483	a
Net bonded school debt	[C]	6,390,000	
Legal debt margin	[B-C]	$ 24,297,483	

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 23,123,536	$ 25,443,706	$ 24,754,086	$ 34,470,388	$ 36,952,291	$ 37,149,120	$ 36,261,984	$ 35,080,422	$ 31,562,388	$ 30,687,483
Total net debt applicable to limit	13,728,000	12,958,000	12,103,000	11,238,000	10,355,000	9,540,000	8,850,000	7,975,000	7,185,000	6,390,000
Legal debt margin	$ 9,395,536	$ 12,485,706	$ 12,651,086	$ 23,232,388	$ 26,597,291	$ 27,609,120	$ 27,411,984	$ 27,105,422	$ 24,377,388	$ 24,297,483
Total net debt applicable to the limit as a percentage of debt limit	56.04%	50.93%	48.89%	32.60%	28.02%	25.68%	24.41%	22.73%	22.76%	20.82%

Source: Abstract of Ratables and District Records.
See J-6 for Estimated Actual (County Equalized Value) and see J-11 for Net General Bonded Debt Outstanding.

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

Spotswood Borough School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Helmetta Borough

Legal Debt Margin Calculation for Fiscal Year 2014

		Equalized valuation basis
	2014	$ 199,105,447
	2013	201,798,247
	2012	215,981,697
	[A]	$ 616,885,391
	[A/3]	$ 205,628,464
Debt limit (4 % of average equalization value)	[B]	8,225,139 a
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	$ 8,225,139

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 4,446,201	$ 7,145,228	$ 8,488,242	$ 9,494,863	$ 9,352,063	$ 9,291,005	$ 9,691,117	$ 9,640,349	$ 9,640,349	$ 8,225,139
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 4,446,201	$ 7,145,228	$ 8,488,242	$ 9,494,863	$ 9,352,063	$ 9,291,005	$ 9,691,117	$ 9,640,349	$ 9,640,349	$ 8,225,139
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records.
See J-6 for Estimated Actual (County Equalized Value) and see J-11 for Net General Bonded Debt Outstanding.

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

Spotswood Borough School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Year	Population [a]	Personal Income [d]	Per Capita Personal Income [b]	Unemployment Rate [c]
2005	8,138	$ 332,241,988	$ 40,826	5.4%
2006	8,088	357,521,952	44,204	5.4%
2007	8,092	380,251,172	46,991	4.0%
2008	8,142	402,735,888	49,464	5.4%
2009	8,180	383,740,160	46,912	4.7%
2010	8,267	398,932,352	48,256	8.9%
2011	8,301	408,434,103	49,203	7.2%
2012	8,403	n/a	n/a	7.3%
2013	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a

Helmetta Borough

Year	Population [a]	Personal Income [d]	Per Capita Personal Income [b]	Unemployment Rate [c]
2005	2,019	$ 82,427,694	$ 40,826	3.8%
2006	1,995	88,186,980	44,204	4.8%
2007	1,989	93,465,099	46,991	4.2%
2008	2,000	98,928,000	49,464	5.7%
2009	2,008	94,199,296	46,912	5.1%
2010	2,181	105,246,336	48,256	8.8%
2011	2,190	107,754,570	49,203	8.6%
2012	2,192	n/a	n/a	8.7%
2013	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development-Population Estimates.

[b] Per Capita personal income information provided by the NJ Dept of Labor and Workforce Development-County Facts Sheets.

[c] Unemployment data provided by the NJ Dept of Labor and Workforce Development-County Labor Force Estimates.

[d] Personal incomes has been estimated based upon the municipal population and per capita personal income presented.

n/a: Information is not available.

Spotswood Borough School District
Principal Employers
Current Year and Nine Years Ago
Unaudited

Spotswood/ Helmetta Boroughs

Information is not available.

Spotswood Borough School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	107	108	113	122	125	123	128	132	136	131
Special education	27	27	27	28	22	22	22	22	23	26
Vocational	14	14	14	13	11	11	11	11	11	11
Other instruction	8	7	7	6	6	6	6	6	7	7
Support Services:										
Student & instruction related services	48	48	44	44	44	44	29	29	37	37
a General adminsitrative services	2	2	2	2	2	2	11	13	11	11
School administrative services	14	14	14	14	14	14	10	10	10	10
Business adminsitrative services	10	10	10	10	10	10	5	7	6	6
Plant operations and maintenance	24	24	23	22	22	22	23	33	23	23
Pupil transportation	1	1	1	1	1	1	1	1	1	2
Food Service	2	2								
Total	257	257	255	262	257	255	246	264	265	264

Source: District Personnel Records.
a Extracted from Budget Book-Budgeted Full-Time Equivalents General District Administrators & Gen. Administration-Support.

Spotswood Borough School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Helmetta Borough

Function/Program	2005	2006	2007	2008	2009	2010*	2011*	2012*	2013*	2014*
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	1	1	1	1	1	-	-	-	-	-
a General adminsitrative services	1	1	1	1	1	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Business adminsitrative services	1	1	1	1	1	-	-	-	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	3	3	3	3	3	-	-	-	-	-

Source: District Personnel Records.
a District Personnel Records - All employees are part-time.
* As a result of the merger of the Helmetta Borough school district into the Spotswood school district, Helmetta ceased having any employees.

Spotswood Borough School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Spotswood Borough

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	1,734	$ 20,407,965	$ 11,769	6.40%	169	1,734	1,634	3.06%	94.23%
2006	1,764	21,361,781	12,110	2.89%	169	1,752	1,690	1.03%	96.46%
2007	1,772	22,508,278	12,702	4.89%	171	1,777	1,676	1.43%	94.32%
2008	1,767	23,529,937	13,316	4.83%	173	1,767	1,678	-0.56%	94.96%
2009	1,760	24,929,149	14,164	6.37%	151	1,760	1,672	-0.40%	95.00%
2010	1,818	25,604,186	14,084	-0.57%	143	1,808	1,724	2.73%	95.34%
2011	1,816	24,896,153	13,709	-2.66%	149	1,815	1,748	0.39%	96.31%
2012	1,821	25,872,395	14,208	3.64%	150	1,781	1,703	-1.87%	95.62%
2013	1,793	27,369,678	15,265	7.44%	159	1,805	1,717	1.37%	95.12%
2014	1,788	27,011,054	15,107	-1.03%	161	1,788	1,706	-0.91%	95.41%

Sources: District records, ASSA and Schedules J-12, J-14.

Note: Enrollment based on annual October district count; see Budget Book A1 for full-time students.
ADE and ADA based on annual June distrit count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Spotswood Borough School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Helmetta Borough

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	259	$ 3,175,282	$ 12,260	-6.05%	259	245	1.16%	94.59%
2006	273	3,518,494	12,888	5.13%	273	259	5.13%	94.87%
2007	273	3,903,784	14,300	10.95%	273	259	0.00%	94.87%
2008	287	4,002,408	13,946	-2.47%	287	274	4.88%	95.47%
2009	288	4,202,163	14,591	4.63%	288	274	0.35%	95.14%
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Sources: District records, ASSA and Schedules J-12, J-14.

Note: As of July 1, 2009, Helmetta Borough was consolidated into Spotswood Borough School District. Therefore, this schedule will be not applicable for the 2010 fiscal year and beyond.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

n/a: Information is not available.

Spotswood Borough School District
School Building Information
Last Ten Fiscal Years

Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
DISTRICT										
Appleby Elementary										
Square Feet	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643
Capacity	684	684	684	684	684	684	684	684	684	684
Enrollment	426	441	445	443	443	459	427	427	423	459
Schoenly School										
Square Feet	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680
Capacity	620	620	620	620	620	620	620	620	620	620
Enrollment	256	244	248	236	236	255	228	270	276	258
Memorial Middle School										
Square Feet	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216
Capacity	527	527	527	527	527	527	527	527	527	527
Enrollment	316	332	331	343	343	330	338	364	354	317
High School										
Square Feet	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080
Capacity	984	984	984	984	984	984	984	984	984	984
Enrollment	751	747	748	745	745	772	743	726	755	738

Sources: District records, ASSA.

Spotswood Borough School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

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

School Facilities	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Spotswood High School	$ 213,116	$ 120,917	$ 131,015	$ 261,066	$ 227,713	$ 226,715	$ 316,222	$ 290,549	$ 258,499	$ 205,766
E. Raymond Appleby	115,896	105,003	95,567	94,016	120,718	96,258	97,365	177,550	58,121	77,442
G. Austin Schoenly	95,238	91,059	79,912	84,920	50,938	145,633	57,464	61,734	41,588	101,691
Memorial School	83,747	85,270	71,694	84,903	69,483	53,394	87,875	68,762	50,734	116,242
Grand Total	$ 507,997	$ 402,249	$ 378,188	$ 524,905	$ 468,852	$ 522,000	$ 558,926	$ 598,595	$ 408,942	$ 501,141

Source: District records of required maintenance; QAAR

Spotswood Borough School District
Insurance Schedule
Year Ended June 30, 2014
Unaudited

	Coverage		Deductible
Commercial General Liability			
Bodily Injury and Property Damage (Combined Single Limit)	$ 11,000,000		
Bodily Injury from Products and Completed Operations	11,000,000		
Sexual Abuse	11,000,000	Per Occurrence	
	17,000,000	Annual Pool Agg	
Personal Injury and Advertising Injury	11,000,000	Per Occurrence	
Medical Expense	11,000,000	Annual Aggregate	
Employee Benefits Liability	11,000,000		$ 1,000
Premises Medical Payments	10,000	Per Accident	
	5,000	Limit Per Person	
Terrorism	1,000,000	Per Occurrence/ Annual NJSB Agg	
Property - NJSBAIG			
Blanket Building & Contents	58,429,044		5,000
Blanket Extra Expense	50,000,000		5,000
Blanket Valuable Papers and Records	10,000,000		5,000
Demolition and Increased Cost of Construction	10,000,000	Per Occurrence	5,000
Environmental Package	1,000,000		10,000
EDP	500,000		1,000
Fire Department Service Charge	100,000		5,000
Pollutant Cleanup and Removal	250,000		5,000
Earthquake	50,000,000	Per Occurrence	5,000
	50,000,000	NJSBAIG Ann Agg	
Flood Zones (SFHA)	10,000,000	Per Occurrence	500,000
	10,000,000	NJSBAIG Ann Agg	500,000
All Other Flood Zones	50,000,000	Per Occurrence/ NJSBAIG Ann Agg	10,000
Arson Reward	10,000		1,000
Newly Acquired Property	10,000,000		5,000
Up to 120 Days After Acquisition			
Debri Removal	2,500,000		5,000
(Or 25% of the Amount of Physical Damage)			
Utility Services - Direct Damage	250,000		5,000
Gym Floor Coverage	20,000		5,000
Terrorism	1,000,000	Per Occurrence	
	1,000,000	NJSBAIG Ann Agg	
Lawns, Shrubs, Plants for Fire and Explosion	1,000,000		5,000
New Construction, Additions and Refurbishments			
Automatic Coverage for 30 Days			
Mold, Wet or Dry Rot and Bacteria Clean Up	250,000		5,000
Limited Mold Cleanup & Removal	25,000,000		5,000
When caused by fire or lightening, reported within 30 days			
EDP - Computer Virus	250,000		1,000

Spotswood Borough School District
Insurance Schedule
Year Ended June 30, 2014
Unaudited

	Coverage		Deductible
Student Accident - NJSBAIG			
Basic/Sports/Football K-12	$ 1,000,000	Per Accident	N/A
Catastrophic Cash K-12	1,000,000	Injury Benefit	
	5,000,000	Aggregate	
Equipment Breakdown - NJSBAIG			
CSL Per Accident For Property Damage and Business Income	100,000,000		$ 5,000
Off Premises Property Damage	100,000		5,000
Extra Expense	10,000,000		5,000
Service Interruption	10,000,000		5,000
Perishable Goods	500,000		5,000
Contingent Business Income	100,000		5,000
Data Restoration	100,000		5,000
Demolition	1,000,000		5,000
Ordinance or Law	1,000,000		5,000
Expediting Expenses	500,000		5,000
Hazardous	500,000		5,000
Newly Acquired Locations (60 days notice)	250,000		5,000
Crime - NJSBAIG			
Faithful Performance	500,000		1,000
Forgery and Alteration	1,000,000		1,000
Money and Securities	100,000		1,000
Money Orders & Counterfeit Paper Currency	100,000		1,000
Computer Fraud	1,000,000		1,000
Automobile Coverage - NJSBAIG			
Auto Liability (CSL for Bodily Injury and Property Damage)	11,000,000		
Uninsured/Underinsured Motorists - Private Passenger Auto	1,000,000		
Personal Injury Protection (Including Pedestrians)	250,000		
Workers Compensation - NJSBAIG			
Covered Payroll - Professional	14,984,808		
Covered Payroll - Non Professional	1,141,445		
Bonds - Selective Insurance Company			
School Business Administrator/Board Secretary	500,000		N/A
School Treasurer	500,000		N/A

Source: District Records
NJSBAIG: New Jersey School Boards Association Insurance Group
N/A: Not Applicable

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Single Audit Section

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K-1

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*

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Spotswood Borough School District
County of Middlesex
Spotswood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spotswood Borough School District, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David J. Gannon
Licensed Public School Accountant
No. 2305

Wiss & Company
WISS & COMPANY, LLP

December 4, 2014
Iselin, New Jersey

WISS
A Partner to Grow With

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Spotswood Borough School District
County of Middlesex
Spotswood, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Spotswood Borough School District's, in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on an audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of*

States and Local Governments and Non-Profit Organizations; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to previously that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes.

David J. Gannon
Licensed Public School Accountant
No. 2305

Wiss & Company

WISS & COMPANY, LLP

December 4, 20144
Iselin, New Jersey

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Spotswood Borough School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior years balances	(Accounts receivable) at June 30, 2014	Unearned Revenue at June 30, 2014	Due to Grantor at June 30, 2014
General Fund:												
U.S. Department of Health and Human Services - Passed Through State Department of Education												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/13-6/30/14	$ 28,789		$ 24,948	$ 28,789			$ (3,841)		
Total General Fund					-	24,948	28,789			(3,841)		
Special Revenue Fund:												
U.S. Department of Education:												
Passed Through State Department of Education:												
NCLB Consolidated Programs:												
Title I	84.010A	NCLB4970-13	7/1/13-6/30/14	166,826			168,502	$ 2,229		$ (166,273)		
Title I, Part A, Carryover	84.010A	NCLB4970-12	9/1/12 - 8/31/13	110,439	$ (105,342)	105,342						
Title I, Part A, Carryover	84.010A	NCLB4970-11	9/1/11 - 8/31/12	114,661	(6,457)			6,457				
Title II, Part A	84.367	NCLB4970-13	7/1/13-6/30/14	26,123			26,123			(26,123)		
Title II, Part A, Carryover	84.367	NCLB4970-12	9/1/12 - 8/31/13	25,820	(26,522)	26,522						
Title II, Part A, Carryover	84.367	NCLB4970-11	9/1/11 - 8/31/12	30,186	(18,345)			18,345				
Title II, Part A, Carryover	84.367	NCLB4970-11	9/1/10 - 8/31/11	32,863	(3,824)			3,824				
Title III	84.365	NCLB4970-13	7/1/13-6/30/14	34,797			27,700	100		(27,600)		
Title III, Carryover	84.365	NCLB4970-12	9/1/12 - 8/31/13	23,372	(17,460)	17,460						
Title III, Carryover	84.365	NCLB4970-10	9/1/11 - 8/31/12	32,570	(373)			373				
Title II Part D, Carryover	84.318	NCLB4970-10	9/1/12 - 8/31/13	867	866	146		(1,012)				
Title IV, Carryover	84.186A	NCLB4970-10	9/1/09 - 8/31/11	3,984	956			(956)				
IDEA, Preschool	84.173	IDEA497014C	7/1/13-6/30/14	18,201		1,889	16,962	1,806		(13,267)		
IDEA, Preschool, Carryover	84.173	IDEA497013C	9/1/12 - 8/31/13	19,130	(12,724)	16,467	3,743			-		
IDEA, Preschool, Carryover	84.173	IDEA497012C	9/1/11 - 8/31/12	18,598	618			(618)				
IDEA, Part B	84.027	IDEA497014C	7/1/13-6/30/14	351,566		310,991	351,566	1,835		(38,740)		
IDEA, Part B, Carryover	84.027	IDEA497013C	9/1/12 - 8/31/13	372,146	(57,130)	59,208	2,078					
U.S. Department of Homeland Security												
Passed-through State Department of Education												
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Open	16,099	(4,483)	4,483						
Total Special Revenue Fund					(250,220)	542,508	596,674	32,383	-	(272,003)	-	-
Enterprise Fund:												
U.S. Department of Agriculture:												
Passed Through State Department of Education:												
National School Lunch Program	10.555	N/A	7/1/12 - 6/30/13	128,186	(24,248)	24,248						
National School Lunch Program	10.555	N/A	7/1/13 - 6/30/14	108,506		77,793	108,506			(30,713)		
Food Donation Program (NC)	10.555	N/A	7/1/12 - 6/30/13	30,318	1,344		1,344					
Food Donation Program (NC)	10.555	N/A	7/1/13 - 6/30/14	17,149		17,568	15,805				$ 1,763	
Total U.S. Department of Agriculture and Enterprise Fund					(22,904)	119,609	125,655			(30,713)	1,763	
Total Federal Awards					$ (273,124)	$ 687,065	$ 751,118	$ 32,383	$ -	$ (306,557)	$ 1,763	$ -

NC - Represents non cash expenditures
N/A - not available

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Spotswood Borough School District

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2014

State Grantor/ Pass-Through Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior years balances	Balance June 30, 2014 (Accounts receivable)	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 Due to Grantor	Memo Budgetary Receivables	Memo Cumulative Expenditures
State Department of Education														
General Fund:														
Equalization Aid	495-034-5120-078	7/01/12 - 6/30/13	$ 5,034,495	$ (495,356)		$ 495,356								
Special Education Categorical Aid	495-034-5120-089	7/01/12 - 6/30/13	903,672	(88,914)		88,914								
Transportation Aid	495-034-5120-014	7/01/12 - 6/30/13	48,643	(4,786)		4,786								-
Security Aid	495-034-5120-084	7/01/12 - 6/30/13	28,108	(2,766)		2,766								-
Extraordinary Special Education Aid	495-034-5120-473	7/01/12 - 6/30/13	71,416	(71,416)		71,416								
Additional Non Public Transportation Aid	Not available	7/01/12 - 6/30/13	3,917	(3,917)		3,917								
Reimbursed TPAF - Social Security	495-034-5095-002	7/01/12 - 6/30/13	894,459	(44,365)		44,365								
Equalization Aid	495-034-5120-078	7/01/13 - 6/30/14	5,037,971			4,542,225	$ 5,037,971						$ (495,746)	$ 5,037,971
Special Education Categorical Aid	495-034-5120-089	7/01/13 - 6/30/14	910,803			821,178	910,803						(89,625)	910,803
Transportation Aid	495-034-5120-014	7/01/13 - 6/30/14	54,800			49,408	54,800						(5,392)	54,800
Security Aid	495-034-5120-084	7/01/13 - 6/30/14	31,878			28,741	31,878						(3,137)	31,878
Extraordinary Aid	495-034-5120-473	7/01/13 - 6/30/14	58,279				58,279			$ (58,279)				58,279
Educational Adequacy Aid	495-034-5120-083	7/01/13 - 6/30/14	6,761			6,096	6,761						(665)	6,761
Additional Non Public Transportation Aid	Not available	7/01/13 - 6/30/14	7,099				7,099			(7,099)				7,099
On-Behalf TPAF Pension and Medical	495-034-5095-001/006/007	7/01/13-6/30/14	1,293,392			1,293,392	1,293,392							1,293,392
Reimbursed TPAF - Social Security	495-034-5095-002	7/01/13 - 6/30/14	888,619			845,601	888,619			(43,018)				888,619
Total General Funds				(711,520)		8,298,161	8,289,602			(108,396)			(594,565)	8,289,602
Special Revenue Funds:														
Martin Luther King Jr.	07MLKJ109AVF	Indefinite	2,069	1,308							$ 1,308			
New Jersey Non-Public Aid:														
Textbook Aid	100-034-5120-064	7/01/12 - 6/30/13	15,164	2,172					$ 2,172					
Textbook Aid	100-034-5120-064	7/01/13 - 6/30/14	14,097			14,097	13,478					$ 619		13,478
Nursing Services	100-034-5120-070	7/01/12 - 6/30/13	21,048	1,062					1,062					
Nursing Services	100-034-5120-070	7/01/13 - 6/30/14	19,841			19,841	19,565					276		19,565
Technology Services	100-034-5120-373	7/01/12 - 6/30/13	5,597	140					140					-
Technology Services	100-034-5120-373	7/01/13 - 6/30/14	5,140			5,140	5,064					76		5,064
Non-Public Handicapped Services:	100-034-5120-066													
Examination and Classification		7/01/12 - 6/30/13	12,899	1,916					1,916					
Supplemental Instruction		7/01/12 - 6/30/13	5,551	694					694					
Corrective Speech		7/01/12 - 6/30/13	18,749	3,125					3,125					
Examination and Classification		7/01/13 - 6/30/14	7,166			7,166	4,944					2,222		4,944
Supplemental Instruction		7/01/13 - 6/30/14	7,147			7,147	7,147							7,147
Corrective Speech		7/01/13 - 6/30/14	15,624			15,624	11,718					3,906		11,718
Non-Public Auxiliary Services:	100-034-5120-067													
Basic Skills/Comp Educ		7/01/12 - 6/30/13	25,082	9,197					9,197					
Basic Skills/Comp Educ		7/01/13 - 6/30/14	18,147			18,147	18,147							18,147
Transportation		7/01/13 - 6/30/14	3,834			3,834	3,834							3,834
Bully Prevention	Not available	Indefinite	7,322			7,322					$ 7,322			
EE4NJ	Not available	7/01/13 - 6/30/14	19,000			19,000	19,000							19,000
Total Special Revenue Fund				19,614		117,318	102,897		18,306		8,630	7,099		102,897
Debt Service Fund:														
Debt Service Aid - Type II	495-034-5120-017	7/01/13 - 6/30/14	59,362			59,362	59,362							59,362
Total Debt Service Fund						59,362	59,362							59,362
State Department of Agriculture														
Enterprise Funds:														
National School Lunch Program (State Share)	100-010-3360-023	7/01/12 - 6/30/13	5,392	(1,004)		1,004								
National School Lunch Program (State Share)	100-010-3360-023	7/01/13 - 6/30/14	4,360			3,303	4,711			(1,408)				4,711
Total Enterprise Fund				(1,004)		4,307	4,711			(1,408)				4,711
Total State Financial Assistance				$ (692,910)	$ -	$ 8,479,148	$ 8,456,572	$ -	$ 18,306	$ (109,804)	$ 8,630	$ 7,099	$ (594,565)	$ 8,456,572
State Financial Assistance Not Subject to Single Audit Determination:														
On-Behalf TPAF Pension and Medical Contributions	495-034-5095-001/006/007	7/1/13-6/30/14	1,293,392			1,293,392	1,293,392							$ 1,293,392
Total State Financial Assistance Subject to Single Audit Determination				$ (692,910)	$ -	$ 7,185,756	$ 7,163,180	$ -	$ 18,306	$ (109,804)	$ 8,630	$ 7,099	$ (594,565)	$ 7,163,180

N/A - Not available

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Spotswood Borough School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2014

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the enterprise fund, which is presented using the accrual basis of accounting, and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Therefore, some of the amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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.

Spotswood Borough School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2014

3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent year due to the state deferral and recording of the last two 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 last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $2,743 for the general fund and $10,505 for the special revenue fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund and special revenue fund. The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is $17,991 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis.

Additionally, as discussed further in footnote 5, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during the 2014 fiscal year was $1,293,392.

Spotswood Borough School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2014

3. Relationship to Basic Financial Statements (continued)

Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ 28,789	$ 8,286,859	$ 8,315,648
Special Revenue Fund	586,169	102,897	689,066
Debt Service Fund		59,362	59,362
Enterprise Food Service Fund	125,655	4,711	130,366
Total award revenues	$ 740,613	$ 8,453,829	$ 9,194,442

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

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively.

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2014.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on behalf of the District. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements.

6. Adjustments

The adjustments presented on exhibit K-3 represent the cancellation of various prior year liabilities and accounts receivable.

Spotswood Borough School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	✓	No
Significant deficiency(ies) identified?		Yes	✓	None Reported
Noncompliance material to financial statements noted?		Yes	✓	No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk auditee?	✓	Yes		No
Type of auditors' report issued on compliance for major programs:	Unmodified			
Internal control over major programs:				
Material weakness(es) identified?		Yes	✓	No
Significant deficiency(ies) identified?		Yes	✓	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?		Yes	✓	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 / 84.173	IDEA, Part B and IDEA Preschool Cluster

Spotswood Borough School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2014

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

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk auditee?	✓	Yes		No
Type of auditors' report on compliance for major programs:	Unmodified			
Internal control over major programs:				
Material weakness(es) identified?		Yes	✓	No
Significant deficiency(ies) identified?		Yes	✓	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?		Yes	✓	No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-083	Educational Adequacy Aid

Spotswood Borough School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2014

Part II - Schedule of Financial Statement Findings

No compliance or internal control over financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Spotswood Borough School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2014

Part III - Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by U.S. OMB Circular A-133.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133.

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey State OMB Circular 04-04.

Spotswood Borough School District

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2014

Not applicable.