

School District
of
SPOTSWOOD
BOROUGH

Spotswood Borough
Board of Education
County of Middlesex
New Jersey

*Comprehensive Annual Financial Report
Year Ended June 30, 2016*

**School District of
Spotswood Borough**

**Spotswood Borough Board of Education
Spotswood, New Jersey**

Comprehensive Annual Financial Report
Year Ended June 30, 2016

Prepared by

Spotswood Borough School District
Business Division

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Introductory Section



Spotswood Board of Education

ADMINISTRATIVE OFFICES
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SPOTSWOOD, NEW JERSEY 08884

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WWW.SPSD.US



Dr. Scott R. Rocco, Superintendent

E-MAIL: SROCCO@SPSD.US

*Vita Marino, Business Administrator/
Board Secretary*

E-MAIL: VMARINO@SPSD.US

November 22, 2016

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, 2016, 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, 2016 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 Federal Uniform Guidance and New Jersey OMB Circular 15-08. Information related to this Single Audit, including the auditors' report on internal control over compliance and on compliance with applicable laws and regulations 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 PreK through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 1,780 students, which is approximately a 1% 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 six years.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2016	1,780	1.05%
2015	1,762	(1.45)
2014	1,788	(0.94)
2013	1,805	1.35
2012	1,781	(1.87)
2011	1,815	0.39

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 School district faces difficult economic conditions since the primary funding source of revenues is property taxes. Spotswood receives 22% of its funding from State Aid, 15% from tuition received from Milltown School District, and the balance from the local tax levy. The School District closely monitors the cost of operations and looks for new funding sources in order to maintain the quality educational services it provides to its students.

3. Initiatives

The Spotswood School District's initiatives for the 2016/2017 school year will be as follows:

- **Educational Technology**

The District's theme for the 2016-17 school year is Connect, Learn, Collaborate. With this theme the District will enhance the use of educational technology (devices, software, and digital resources), blend them with traditional educational resources (both inside and out of the classroom), so the District, students, parents, teachers, and stakeholders can better connect, learn, and collaborate together.

- **Accountability**

All subjects are aligned to the Common Core Curriculum Standards and will be analyzed for the adjustments made by the New Jersey Department of Education to those standards. The District continues to analyze and improve instructional technique, curricula, lesson activity development, and use of assessments. This is based on State issued and nationally normed assessments, and locally developed assessments.

Decisions, based on what is described above, continue to drive program revisions as seen in the second year of a shift in Science sequencing (Biology offered to all Freshman), this year's full adoption of Google Apps for Education, and the development of skill-based SGO's in all content areas.

- **Staff Development**

The District continues to devote ample resources, especially time, to the development and renewal of teacher and administrator preparation. Our goal in providing these programs and resources is simple; Believing that learning is the foundation of individual and organizational improvement and that learning requires reflection, we desire to create a dynamic environment in which everyone is a teacher, everyone is a learner, and as a result, everyone gets smarter every day.

To this end, three houses or tiers have been created to coordinate this desire: they include Tier 1 Programming - Development for staff new to the district (Summer Orientation, Induction Workshops, Mentoring, Peer Visitation and Reflection, Formative Evaluation and Reflection); Tier 2 Programming - Refinement for all district staff (PD Academy, In-Service Programming, Focused Professional Learning Cohorts, Structured Independent Studies, Portfolio Reflection Groups); Tier 3 Programming - Renewal for administration/future educational leaders (Leadership Team, Leadership Seminar, Administrator Induction, Mentor Administrator Cohort, Principal "Walk and Talks").

- **Facility Upgrades**

The District passed a \$9.3 million referendum in November of 2015 and immediately went to work on assuring those improvements to our facilities were worked on from May 2016 until completion in October of 2016. The projects included Safety and Security Improvements to all schools, HVAC upgrades in the High School and Schoenly School, boys and girls locker room renovations, Appleby playground improvements, window replacements at the High School and roof replacements at the High School and Memorial School. The district took advantage of ROD grants and debt service aide reducing the taxpayers' share of the projects to 66.3%.

4. Service Efforts and Accomplishments

The District's academic achievement continues to be highly competitive with comparisons to state and national results as provided by the New Jersey Department of Education for the PARCC assessment, SAT, PSAT and AP scores provided by College Board.

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, 2016.

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, 2016, the District's outstanding debt issues included \$15,283,000 of bonds. During the 2016 fiscal year, the District was notified that its bond rating was A+, but enhanced by the School Bond Reserve Act with an enhanced rating for the District of AA. 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 Federal Uniform Guidance and New Jersey OMB Circular 15-08. 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,

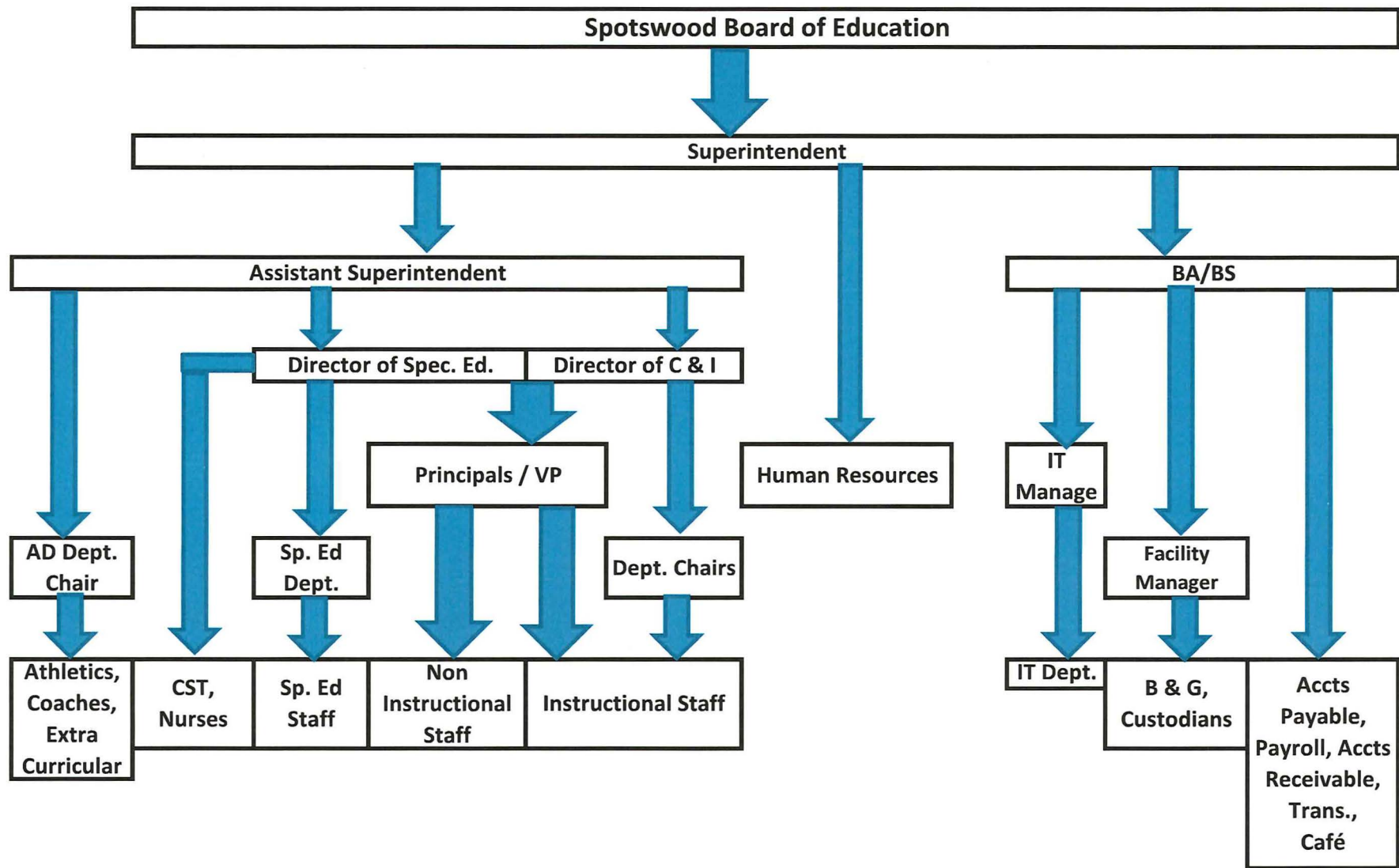


Dr. Scott Rocco
Superintendent of Schools



Mrs. Vita Marino
School Business Administrator
Board Secretary

Spotswood Board of Education
2016 - 2017 Organizational Chart



Spotswood Borough School District
Spotswood, New Jersey

Roster of Officials

June 30, 2016

<u>Members of the Board of Education</u>	Term Expires
Dulce Branco-Rivera, President	December – 2018
William Smith, Vice President	December – 2016
Bertrand Louis	December – 2017
William J. Loschiavo	December – 2016
Mariellen Chasan	December – 2018
Felipe Zambrana (Milltown Representative)	

Other Officials

Dr. Scott Rocco, Superintendent of Schools
Vita Marino, School Business Administrator/Board
Secretary
Brian Delucia, 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
354 Eisenhower Parkway, Suite 1850
Livingston, New Jersey 07039

Official Depository

TD Bank
Route 18 South
East Brunswick, New Jersey 08816

Official Newspapers

Home News/Tribune
3601 State Highway 66
Neptune, New Jersey 07753

The Newark Star Ledger
One Star Ledger Plaza
Newark, New Jersey 07102

Financial Section

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, 2016, 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 from 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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

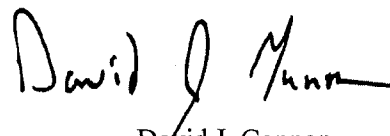
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures for federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures for federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 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 and compliance.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

November 22, 2016
Livingston, New Jersey

Required Supplementary Information

Part I

Management's Discussion and Analysis

Spotswood Borough School District
Management's Discussion and Analysis
Year ended June 30, 2016

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, 2016. 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 three 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, CARES programs and S.T.E.A.M 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 31-66 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 67-103 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 \$6,707,960 (net position) at the close of 2016.

Key financial highlights for the 2015-2016 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2016.
- The final approved extraordinary aid awarded to the District for 2015/2016 exceeded the amount budgeted for by the District.
- The District transferred unrestricted funds during the year into restricted reserves for capital of \$500,000 and maintenance of \$500,000.
- The District issued \$8,223,000 of School District bonds in order to fund various facility upgrades within the school district.
- The District entered into a Capital Lease Obligation on April 8, 2016 for a lease for five school buses in the amount of \$334,905.

The following table provides a summary of net position relating to the District's governmental and business-type activities as of June 30, 2016 and 2015:

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

	2016			2015		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 9,233,533	\$ 384,042	\$ 9,617,575	\$ 2,710,094	\$ 494,306	\$ 3,204,400
Capital assets, net	21,168,594	5,712	21,174,306	18,283,587	7,642	18,291,229
Total assets	30,402,127	389,754	30,791,881	20,993,681	501,948	21,495,629
Deferred outflows	1,476,037		1,476,037	698,640		698,640
Liabilities						
Current liabilities	1,741,363	77,606	1,818,969	1,619,652	112,657	1,732,309
Net pension liability	7,621,749		7,621,749	6,370,747		6,370,747
Long Term Liabilities	15,764,653		15,764,653	8,042,660		8,042,660
Total liabilities	25,127,765	77,606	25,205,371	16,033,059	112,657	16,145,716
Deferred inflows	354,587		354,587	649,592		649,592
Net position						
Invested in capital assets, net of related debt	10,248,069	5,712	10,253,781	10,474,046	7,642	10,481,688
Restricted	3,883,006		3,883,006	1,835,627		1,835,627
Unrestricted (deficit)	(7,735,263)	306,436	(7,428,827)	(7,300,003)	381,649	(6,918,354)
Total net position	\$ 6,395,812	\$ 312,148	\$ 6,707,960	\$ 5,009,670	\$ 389,291	\$ 5,398,961

A large portion of the District's net position is the amount invested in capital assets (e.g. land, construction in progress, site improvements, building and building improvements and machinery, equipment and vehicles), net of related debt. The balance of net investment in capital assets is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

The balance of restricted net position consists of the excess surplus-current year of \$592,727, excess surplus-prior year of \$590,090, \$1,134,070 for a maintenance reserve, \$1,111,864 for a capital reserve and \$454,255 restricted for capital projects.

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

The increase in current and other assets is mainly attributable to the increase in cash that was the result of the District issuing School District Bonds during the fiscal year 2016 in order to fund various facility upgrades. The increase in capital assets, net, is a result of current year additions exceeding the increase in depreciation expense in the current year. Additions comprised of additions to construction in progress related to various projects in the District that have not yet been completed as of year-end.

The increase in the net pension liability is the result of the actuarial valuation of the PERS pension liability done for the fiscal year. The increase in long-term liabilities is the result of the School District Bonds issued in the current year as well as a new capital lease that was also issued in the current year. The increase in restricted net position is mainly attributable to an increase in capital projects due to the commencement of several new projects in the current year that were not yet completed at year end, as well as the Board approving transfers to the capital and maintenance at its June 2016 meeting.

The decrease in business type activities net position is the result of the District's CARES operating loss in the District's 2015-2016 year.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2016 and 2015 are as follows:

Spotswood Borough School District
Spotswood, New Jersey
Changes in Net Position
Years ended June 30,

	2016			2015		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 4,564,508	\$ 759,327	\$ 5,323,835	\$ 4,940,108	\$ 762,789	\$ 5,702,897
Operating grants and contributions	675,985	159,651	835,636	673,059	141,889	814,948
Capital grants and contributions	464,231		464,231			
General revenues:						
Property taxes	15,785,931		15,785,931	15,304,848		15,304,848
State aid not restricted to a specific purpose	12,967,642		12,967,642	11,520,005		11,520,005
Federal aid not restricted to a specific purpose	48,118		48,118	28,046		28,046
Investment Income	397		397	34		34
Miscellaneous	380,684		380,684	231,030		231,030
Total revenue	34,887,496	918,978	35,806,474	32,697,130	904,678	33,601,808
Expenses:						
Instructional services	21,013,902		21,013,902	20,115,485		20,115,485
Support services	12,108,418		12,108,418	11,641,444		11,641,444
Charter school	40,847		40,847	30,204		30,204
Interest and other charges	338,187		338,187	275,587		275,587
Business Type Activities		996,121	996,121		922,825	922,825
Total expenses	33,501,354	996,121	34,497,475	32,062,720	922,825	32,985,545
Increase (decrease) in net position before transfers	1,386,142	(77,143)	1,308,999	634,410	(18,147)	616,263
Net position—beginning	5,009,670	389,291	5,398,961	4,375,260	407,438	4,782,698
Net position—ending	\$ 6,395,812	\$ 312,148	\$ 6,707,960	\$ 5,009,670	\$ 389,291	\$ 5,398,961

The increase in governmental activities revenues of approximately \$2.2 million is mainly the result of an increase in capital grants and contributions related to SDA funded capital projects, an increase in local tax levy, as well as an increase in the TPAF pension contributions made by the State of New Jersey by approximately \$1 million.

Business-type expenses increased primarily as the result of an increase in salaries and an increase in the facility usage fee in the CARES 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, 2016, and the increases and decreases in relation to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2015</u>	<u>Percent of Increase</u>
Local sources	\$ 20,738,643	67.57%	\$ 249,848	1.22%
State sources	9,317,791	30.36	379,381	4.24
Federal sources	634,074	2.07	40,352	6.80
Total	<u>\$ 30,690,508</u>	<u>100.00%</u>	<u>\$ 669,581</u>	<u>2.23%</u>

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 increase in state sources is mainly the result of the District commencing construction on SDA funded capital projects and an increase in TPAF pension contributions made by the State of New Jersey on-behalf of the District during 2015/2016 compared to the prior year. The increase in federal sources is due to an increase in SEMI aid and Title IIA grant funding.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016 and the increases related to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase From 2015</u>	<u>Percent of (Decrease) Increase</u>
Current expenditures:				
Instruction	\$ 12,122,404	40.87%	\$ (108,752)	(0.89) %
Support services	16,131,625	54.39%	456,922	2.92
Capital Outlay	453,073	1.53%	302,238	200.38
Debt service:				
Principal	685,000	2.31%	(230,000)	25.14
Interest and Other Charges	266,325	0.90%	(18,301)	6.43
Total	<u>\$ 29,658,427</u>	<u>100.00%</u>	<u>\$ 402,107</u>	<u>1.37 %</u>

The increase in capital outlay is due to the District entering into a capital lease for the purchase of five buses in the 2016 fiscal year.

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

Business-Type Activities. The focus of the District's business-type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service and other enterprise fund programs.

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 enterprise fund revenues for the year ended June 30, 2016, and the increases and decreases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2015</u>	<u>Percent of (Decrease) Increase</u>
Local sources	\$ 759,327	82.63%	\$ (3,462)	(0.45) %
State sources	4,681	0.51%	129	2.83
Federal sources	154,970	16.86%	17,633	12.84
Total	<u>\$ 918,978</u>	<u>100.00%</u>	<u>\$ 14,300</u>	1.58 %

Local revenues have decreased from the prior year due to a decrease in daily sales for food. The increase in revenues from federal sources is due to an increase in the food donation program.

The following schedule presents a summary of the enterprise fund operating expenses for the year ended June 30, 2016, and the increases and decreases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2015</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Salaries	\$ 493,327	49.52%	\$ 42,806	9.50 %
Employee benefits	41,260	4.14%	866	2.14
Purchase professional service	2,588	0.26%	764	41.89
Supplies and materials	34,693	3.48%	14,600	72.66
Repairs and maintenance	11,376	1.14%	3,336	41.49
Cost of sales program	200,083	20.09%	22,005	12.36
Depreciation	1,930	0.19%	(809)	(29.54)
Management Fee	16,035	1.61%	(635)	(3.81)
Other objects	194,829	19.56%	(9,637)	(4.71)
	<u>\$ 996,121</u>	<u>100.00%</u>	<u>\$ 73,296</u>	7.94 %

The increase in salaries is due to the District hiring more employees for the CARES program. Increase in supplies and materials is due to an increase in CARES programs. The increase in cost of sales is due to an increase in the food donation program.

General Fund Budgetary Highlights

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. The following represent a few of the more significant transfers made during the year:

- Resource Room – salaries of teachers – a decrease of \$171,985 is attributable to a decrease in students receiving these services.
- Undistributed instruction - regular programs – Other salaries for instruction – a decrease of \$123,000 is attributable to a realignment of positions for the beginning of the school year.
- Undistributed instruction - Preschool disabilities – full time –salaries – an increase of \$202,000 is attributable to a realignment of positions for the beginning of the school year.
- Unallocated benefits – unemployment compensation – an increase of \$192,000 is attributable to an increased number of unemployment claims being filed.

Capital Assets and Debt Administration

Capital Assets. The District has governmental type capital assets, net of depreciation of \$21,168,594 at June 30, 2016, 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,	
	2016	2015
Land	\$ 197,617	\$ 197,617
Construction in progress	3,483,922	
Site improvements	162,623	181,208
Buildings and building improvements	17,071,460	17,598,412
Machinery, equipment, and vehicles	252,972	306,350
Total capital assets, net	\$ 21,168,594	\$ 18,283,587

Debt Administration and Long-Term Liabilities.

At June 30, 2016 and 2015, the District's governmental activity long-term liabilities consisted of:

	June 30	
	<u>2016</u>	<u>2015</u>
Bonds payable	\$ 15,283,000	\$ 7,745,000
Unamortized premium on bonds	211,520	236,491
Compensated absences	964,941	985,379
Capital leases payable	358,208	34,456
Total long-term liabilities	<u>\$ 16,817,669</u>	<u>\$ 9,001,326</u>

(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 2016-2017 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, 2016.

Spotswood Borough School District

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 5,773,130	\$ 354,950	\$ 6,128,080
Accounts receivable	1,214,469	24,530	1,238,999
Inventories		4,562	4,562
Restricted assets:			
Cash and cash equivalents	2,245,934		2,245,934
Capital assets, non-depreciable	3,681,539		3,681,539
Capital assets, depreciable, net	17,487,055	5,712	17,492,767
Total assets	<u>30,402,127</u>	<u>389,754</u>	<u>30,791,881</u>
Deferred Outflows of Resources			
Deferred loss on defeasance of debt	183,149		183,149
Pension deferrals	1,292,888		1,292,888
Total deferred outflows of resources	<u>1,476,037</u>		<u>1,476,037</u>
Liabilities			
Accounts payable	445,484	2,757	448,241
Accrued interest payable	182,186		182,186
Intergovernmental payables - state	20,572		20,572
Unearned revenue	40,105	74,849	114,954
Net pension liability	7,621,749		7,621,749
Current portion of long-term obligations	1,053,016		1,053,016
Noncurrent portion of long-term obligations	15,764,653		15,764,653
Total liabilities	<u>25,127,765</u>	<u>77,606</u>	<u>25,205,371</u>
Deferred Inflows of Resources			
Pension deferrals	<u>354,587</u>		<u>354,587</u>
Net position			
Net investment in capital assets	10,248,069	5,712	10,253,781
Restricted for:			
Capital projects	454,255		454,255
Maintenance reserve	1,134,070		1,134,070
Capital reserve	1,111,864		1,111,864
Excess surplus	1,182,817		1,182,817
Unrestricted (deficit)	(7,735,263)	306,436	(7,428,827)
Total net position	<u>\$ 6,395,812</u>	<u>\$ 312,148</u>	<u>\$ 6,707,960</u>

See accompanying notes to the basic financial statements.

Spotswood Borough School District

Statement of Activities

Year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 21,013,902	\$ 4,564,508	\$ 526,526		\$ (15,922,868)		\$ (15,922,868)
Support services:							
Health services	650,203				(650,203)		(650,203)
Other support services	3,395,479		144,312		(3,251,167)		(3,251,167)
Improvement of instruction	709,753				(709,753)		(709,753)
School library	118,148				(118,148)		(118,148)
Instructional staff training	30,466				(30,466)		(30,466)
General administration	506,552				(506,552)		(506,552)
School administration	1,490,060				(1,490,060)		(1,490,060)
Central services	608,778				(608,778)		(608,778)
Administrative information technology	346,412				(346,412)		(346,412)
Required maintenance of plant services	603,051				(603,051)		(603,051)
Operation of plant	2,605,724		5,147	\$ 464,231	(2,136,346)		(2,136,346)
Student transportation	1,043,792				(1,043,792)		(1,043,792)
Transfer to charter schools	40,847				(40,847)		(40,847)
Interest on long-term debt	338,187				(338,187)		(338,187)
Total governmental activities	33,501,354	4,564,508	675,985	464,231	(27,796,630)		(27,796,630)
Business-type activities							
Food service	444,935	305,579	159,651			\$ 20,295	20,295
C.A.R.E.S	551,186	453,748				(97,438)	(97,438)
Total business-type activities	996,121	759,327	159,651			(77,143)	(77,143)
Total primary government	\$ 34,497,475	\$ 5,323,835	\$ 835,636	\$ 464,231	(27,796,630)	(77,143)	(27,873,773)
General revenues							
Property taxes, levied for general purposes					14,834,606		14,834,606
Property taxes, levied for debt service					951,325		951,325
State sources					12,967,642		12,967,642
Federal sources					48,118		48,118
Interest earnings					397		397
Miscellaneous income					380,684		380,684
Total general revenues					29,182,772		29,182,772
Change in net position					1,386,142	(77,143)	1,308,999
Net position—beginning of year					5,009,670	389,291	5,398,961
Net position—end of year					\$ 6,395,812	\$ 312,148	\$ 6,707,960

Fund Financial Statements

Governmental Funds

Spotswood Borough School District
Governmental Funds

Balance Sheet

June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 753,430	\$ 91,058	\$ 4,749,054	\$ 179,588	\$ 5,773,130
Accounts receivable:					
State	285,025		464,231		749,256
Federal	8,050	13,840			21,890
Other	435,496	1,638			437,134
Interfund	6,189				6,189
Restricted assets:					
Cash and cash equivalents	2,245,934				2,245,934
Total assets	<u>\$ 3,734,124</u>	<u>\$ 106,536</u>	<u>\$ 5,213,285</u>	<u>\$ 179,588</u>	<u>\$ 9,233,533</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 83,446	\$ 59,517	\$ 9,976		\$ 152,939
Intergovernmental payables:					
State		20,572			20,572
Unearned revenue	13,658	26,447			40,105
Total liabilities	<u>97,104</u>	<u>106,536</u>	<u>9,976</u>		<u>213,616</u>
Fund balances:					
Restricted for:					
Excess surplus-current year	592,727				592,727
Excess surplus-prior year	590,090				590,090
Debt service				\$ 179,588	179,588
Capital projects			5,203,309		5,203,309
Maintenance reserve	1,134,070				1,134,070
Capital reserve	1,111,864				1,111,864
Assigned to:					
Other purposes	113,352				113,352
Designated for subsequent years expenditures - SEMI	3,189				3,189
Unassigned	91,728				91,728
Total fund balances	<u>3,637,020</u>	<u>-</u>	<u>5,203,309</u>	<u>179,588</u>	<u>9,019,917</u>
Total liabilities and fund balances	<u>\$ 3,734,124</u>	<u>\$ 106,536</u>	<u>\$ 5,213,285</u>	<u>\$ 179,588</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$38,465,672 and the accumulated depreciation is \$17,297,078.	21,168,594
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.	(182,186)
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.	183,149
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.	(16,817,669)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	938,301
Accrued pension contributions for the June 30, 2016 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(292,545)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(7,621,749)</u>
Net Position of governmental activities	<u>\$ 6,395,812</u>

Spotswood Borough School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2016

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 14,834,606			\$ 951,325	\$ 15,785,931
Tuition from other LEA's	4,356,256				4,356,256
Tuition from individuals	208,252				208,252
Interest earned on capital reserve funds	397				397
Miscellaneous	380,684	\$ 7,123			387,807
Total local sources	19,780,195	7,123	-	951,325	20,738,643
State sources	9,234,885	82,906	\$ 464,231		9,782,022
Federal sources	48,118	585,956			634,074
Total revenues	29,063,198	675,985	464,231	951,325	31,154,739
Expenditures					
Current:					
Instruction	11,595,878	526,526			12,122,404
Support services:					
Instruction	920,204				920,204
Health services	444,979				444,979
Other support services	2,053,295	144,312			2,197,607
Improvement of instruction	416,565				416,565
Educational media services / school library	68,904				68,904
Instructional staff training	29,035				29,035
General administration	342,425				342,425
School administration	870,682				870,682
Central services	414,433				414,433
Administrative information technology	222,045				222,045
Required maintenance of plant services	455,609				455,609
Operation of plant	1,751,338				1,751,338
Student transportation	861,321				861,321
Unallocated benefits	4,175,671				4,175,671
On-behalf TPAF social security and pension contributions	2,919,960				2,919,960
Transfer to charter schools	40,847				40,847
Capital outlay	447,926	5,147	3,483,922		3,936,995
Debt Service:					
Principal	115,000			570,000	685,000
Interest	64,588			201,737	266,325
Total expenditures	28,210,705	675,985	3,483,922	771,737	33,142,349
Excess/(Deficit) of revenues over/(under) expenditures	852,493	-	(3,019,691)	179,588	(1,987,610)
Other financing sources:					
Capital leases	334,905				334,905
Bond issuance			8,223,000		8,223,000
Total other financing sources	334,905	-	8,223,000	-	8,557,905
Net change in fund balances	1,187,398	-	5,203,309	179,588	6,570,295
Fund balances, July 1	2,449,622		-	-	2,449,622
Fund balances, June 30	\$ 3,637,020	\$ -	\$ 5,203,309	\$ 179,588	\$ 9,019,917

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).

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, 2016

Total net change in fund balances - governmental funds (from B-2)		\$ 6,570,295
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation in the period.</p>		
Depreciation expense	\$ (947,241)	
Capital additions	<u>3,832,248</u>	2,885,007
<p>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.</p>		
Bonds Issued	(8,223,000)	
Capital Lease Issued	<u>(334,905)</u>	(8,557,905)
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due in the governmental funds, interest is reported when due. The amount presented is the change from prior year.</p>		
		(73,576)
<p>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.</p>		
Serial Bonds Payable	685,000	
Obligations under Capital Lease	<u>11,153</u>	696,153
<p>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.</p>		
Amortization of Premium on Bonds	24,971	
Amortization of Deferred Loss	<u>(23,257)</u>	1,714
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).</p>		
		20,438
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension expense		(155,984)
Change in net position of governmental activities (A-2)		<u><u>\$ 1,386,142</u></u>

Proprietary Funds

Spotswood Borough School District
Enterprise Funds

Statement of Net Position

June 30, 2016

	Major Enterprise Funds			Totals
	Food Service	S.T.E.A.M	C.A.R.E.S.	
Assets				
Current assets:				
Cash and cash equivalents	\$ 100,884	\$ 10,250	\$ 243,816	\$ 354,950
Accounts receivable:				
State	851			851
Federal	23,204			23,204
Other	475			475
Inventories	4,562			4,562
Total current assets	<u>129,976</u>	<u>10,250</u>	<u>243,816</u>	<u>384,042</u>
Capital assets:				
Equipment	154,336			154,336
Accumulated depreciation	(148,624)			(148,624)
Total capital assets, net	<u>5,712</u>			<u>5,712</u>
Total assets	<u>135,688</u>		<u>243,816</u>	<u>389,754</u>
Liabilities				
Current liabilities:				
Accounts payable	2,283		474	2,757
Unearned revenue	2,657	10,250	61,942	74,849
Total current liabilities	<u>4,940</u>	<u>10,250</u>	<u>62,416</u>	<u>77,606</u>
Net position				
Net investment in capital assets	5,712			5,712
Unrestricted	125,036		181,400	306,436
Total net position	<u>\$ 130,748</u>	<u>\$ -</u>	<u>\$ 181,400</u>	<u>\$ 312,148</u>

Spotswood Borough School District
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2016

	<u>Major Enterprise Funds</u>		
	<u>Food Service</u>	<u>C.A.R.E.S.</u>	<u>Totals</u>
Operating revenues:			
Local sources:			
Daily sales reimbursable programs	\$ 279,417		\$ 279,417
Program fees		\$ 453,748	453,748
Special functions	26,162		26,162
Total operating revenues	<u>305,579</u>	<u>453,748</u>	<u>759,327</u>
Operating expenses:			
Salaries	142,393	350,934	493,327
Employee benefits	41,260		41,260
Purchase professional services	2,588		2,588
Supplies and materials	2,746	31,947	34,693
Repairs and maintenance	11,376		11,376
Cost of sales program	158,380		158,380
Cost of sales non-program	41,703		41,703
Depreciation	1,930		1,930
Management fee	16,035		16,035
Other objects	26,524	168,305	194,829
Total operating expenses	<u>444,935</u>	<u>551,186</u>	<u>996,121</u>
Operating (loss)	(139,356)	(97,438)	(236,794)
Nonoperating revenues:			
State sources:			
State school lunch program	4,681		4,681
Federal sources:			
National school lunch program	123,335		123,335
Food donation program	31,635		31,635
Total nonoperating revenues	<u>159,651</u>	<u>-</u>	<u>159,651</u>
Change in net position	20,295	(97,438)	(77,143)
Total net position, beginning of year	110,453	278,838	389,291
Total net position, end of year	<u>\$ 130,748</u>	<u>\$ 181,400</u>	<u>\$ 312,148</u>

See accompanying notes to the basic financial statements.

Spotswood Borough School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2016

	<u>Major Enterprise Funds</u>			<u>Totals</u>
	<u>Food Service</u>	<u>S.T.E.A.M</u>	<u>C.A.R.E.S.</u>	
Cash flows from operating activities				
Receipts from customers	\$ 318,864	\$ 10,250	\$ 426,373	\$ 755,487
Payment of interfunds			(650)	(650)
Payments to employees and for employee benefits	(183,653)		(350,934)	(534,587)
Payments to suppliers	(268,693)		(208,786)	(477,479)
Net cash (used in) provided by operating activities	<u>(133,482)</u>	<u>10,250</u>	<u>(133,997)</u>	<u>(257,229)</u>
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	113,470			113,470
Receipts from food donation program	31,635			31,635
Net cash provided by noncapital financing activities	<u>145,105</u>			<u>145,105</u>
Net increase (decrease) in cash and cash equivalents	11,623	10,250	(133,997)	(112,124)
Cash and cash equivalents, beginning of year	<u>89,261</u>		<u>377,813</u>	<u>467,074</u>
Cash and cash equivalents, end of year	<u>\$ 100,884</u>	<u>\$ 10,250</u>	<u>\$ 243,816</u>	<u>\$ 354,950</u>
Reconciliation of operating (loss) to net cash (used in) provided by operating activities:				
Operating (loss)	\$ (139,356)	\$ -	\$ (97,438)	\$ (236,794)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities:				
Depreciation	1,930			1,930
Change in assets and liabilities:				
Decrease in inventory	2,708			2,708
(Decrease) in accounts payable	(12,049)		(8,534)	(20,583)
(Decrease) in interfunds payable			(650)	(650)
Increase (decrease) in unearned revenue	2,657	10,250	(27,375)	(14,468)
Net cash (used in) provided by operating activities	<u>\$ (133,482)</u>	<u>\$ 10,250</u>	<u>\$ (133,997)</u>	<u>\$ (257,229)</u>

Noncash noncapital financing activities

The District received \$31,635 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2016.

Fiduciary Funds

Spotswood Borough School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2016

	Unemployment Compensation Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ 169,788	\$ 994,909
Interfund receivable	64,311	
Total assets	234,099	994,909
Liabilities		
Accounts payable	4,009	
Payroll deductions and withholdings payable and summer escrow payable		707,033
Interfund payable		70,500
Due to student groups		217,376
Total liabilities	4,009	\$ 994,909
Net position		
Held in trust for unemployment claims	\$ 230,090	

Spotswood Borough School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<u>Unemployment Compensation Trust Fund</u>
Additions	
Contributions from employees	\$ 31,497
Board contributions	<u>191,124</u>
Total additions	<u>222,621</u>
Deductions	
Unemployment benefit claims paid	<u>114,391</u>
Total deductions	<u>114,391</u>
Change in net position	108,230
Net position, beginning of the year	<u>121,860</u>
Net position, end of the year	<u><u>\$ 230,090</u></u>

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 fiscal year.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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, 2016 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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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, 2016, the District had inventories in the Food Service Enterprise Fund of \$4,562. There were no unused Food Donation Program commodities included in inventory and reported as unearned revenue in the Food Service Enterprise Fund at June 30, 2016.

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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:

	<u>Years</u>
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, 2016, the amount earned by these employees but not disbursed was \$560,295 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, 2016, a liability existed for compensated absences in the government-wide financial statements in the amount of \$964,941 and no liability existed for compensated absences in the enterprise funds.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 and S.T.E.A.M enterprise funds represent deposits from students.

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, 2016.

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. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions.

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. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 \$3,637,020 of fund balance in the General Fund at June 30, 2016, \$1,111,864 has been restricted in the capital reserve account, \$1,134,070 has been restricted in the maintenance reserve account, \$590,090 has been restricted for excess surplus – prior year and \$592,727 has been restricted for excess surplus- current year. Additionally there is assigned fund balance which represents year end encumbrances of \$113,352, \$3,189 designated for subsequent year's expenditures – SEMI and \$91,728 is unassigned.

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, 2016, the District has recorded an unamortized balance of \$183,149 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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$3,732,757 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. 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, 2016 is \$1,182,817, which will be designated in the 2016-2017 and 2017-2018 budgets.

T. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 77, *Tax Abatement Disclosures* ("GASB No. 77"). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2016 through November 22, 2016, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements and no items have come to the attention of the District that would require disclosure.

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, capital leases 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 \$16,817,669 difference are as follows:

Bonds payable	\$ 15,283,000
Capital lease payable	358,208
Premium on bonds	211,520
Compensated absences payable	<u>964,941</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 16,817,669</u>

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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.

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), and the New Jersey Asset and Rebate Management Fund (NJARM).

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

3. Deposits and Investments (continued)

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, 2016, the carrying amount of the District's deposits for all funds was \$9,307,353 and the bank balance was \$11,844,020, not including funds held with NJARM. Of the bank balances, \$250,000 of the District's cash deposits on June 30, 2016 were secured by federal depository insurance and \$10,787,894 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$806,126 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.

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

3. Deposits and Investments (continued)

- 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 and New Jersey Asset and Rebate Management Fund.
- 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, 2016, the District's balance was \$231,358.

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.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2016, 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, 2016 due to their short-term nature.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 197,617		\$ 197,617
Construction in progress		\$ 3,483,922	3,483,922
Total capital assets, not being depreciated	197,617	3,483,922	3,681,539
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	2,711,181	348,326	3,059,507
Total capital assets being depreciated	34,435,807	348,326	34,784,133
Less accumulated depreciation for:			
Site improvements	(1,336,732)	(18,585)	(1,355,317)
Buildings and building improvements	(12,608,274)	(526,952)	(13,135,226)
Machinery, equipment and vehicles	(2,404,831)	(401,704)	(2,806,535)
Total accumulated depreciation	(16,349,837)	(947,241)	(17,297,078)
Total capital assets, being depreciated, net	18,085,970	(598,915)	17,487,055
Governmental activities capital assets, net	\$ 18,283,587	\$ 2,885,007	\$ 21,168,594

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

4. Capital Assets (continued)

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

Instruction	\$	543,758
Undistributed current:		
Instruction		41,276
Health services		19,960
Other support services		98,575
Improvement of instruction		18,685
School library		3,091
Instructional staff training		1,302
General administration		15,360
School administration		39,055
Central services		18,590
Administration technology		9,960
Required maintenance of plant services		20,437
Operation of plant		78,557
Student transportation		38,635
	<u>\$</u>	<u>947,241</u>

The following is a summarization of business-type activities changes in capital assets for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities:			
Capital assets, being depreciated:			
Equipment	\$ 154,336		\$ 154,336
Less accumulated depreciation for:			
Equipment	(146,694)	\$ (1,930)	(148,624)
Total business-type activities capital assets, net	<u>\$ 7,642</u>	<u>\$ (1,930)</u>	<u>\$ 5,712</u>

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 985,379	\$ 57,804	\$ 78,242	\$ 964,941	\$ 244,266
Premium on bonds	236,491		24,971	211,520	24,971
Bonds payable	7,745,000	8,223,000	685,000	15,283,000	705,000
Capital leases payable	34,456	334,905	11,153	358,208	78,779
Subtotal	\$ 9,001,326	\$ 8,615,709	\$ 799,366	\$ 16,817,669	\$ 1,053,016
Net pension liability	6,370,747	1,251,002		7,621,749	
Governmental activity long-term liabilities	<u>\$15,372,073</u>	<u>\$9,866,711</u>	<u>\$ 799,366</u>	<u>\$24,439,418</u>	<u>\$1,053,016</u>

The District expects to liquidate the compensated absences, the net pension liability and capital leases payable with payments made from the District's general fund. Bonds payable are liquidated by expenditures charged to the debt service fund and the general fund for the School Energy Savings Obligation Refunding Bonds.

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.

In May 2011, the District issued \$7,135,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. The bonds are due to mature annually through the 2024 fiscal year at annual interest rates ranging from 2.63% to 4.65%.

In March 2012, the District issued \$2,630,000 of school energy savings obligation refunding bonds to fund various projects which will result in reduced energy consumption. The bonds are due to mature annually through the 2026 fiscal year at annual interest rates ranging from 2.00% to 3.75%.

In January 2016, the District issued \$8,223,000 of School District Bonds in order to fund various facility upgrades within the school district. The bonds are due to mature annually through the 2036 fiscal year at annual interest rates ranging from 2.00% to 3.00%.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2017	\$ 705,000	\$ 470,075	\$ 1,175,075
2018	995,000	424,709	1,419,709
2019	1,025,000	400,984	1,425,984
2020	1,050,000	374,384	1,424,384
2021	1,090,000	343,646	1,433,646
2022-2024	3,475,000	800,939	4,275,939
2025-2027	2,240,000	491,614	2,731,614
2028-2030	1,575,000	336,317	1,911,317
2031-2033	1,575,000	210,645	1,785,645
2034-2036	1,553,000	69,225	1,622,225
	<u>\$ 15,283,000</u>	<u>\$ 3,922,538</u>	<u>\$ 19,205,538</u>

All bonds outstanding are presented on schedule I-1 in this report, which reflects amount outstanding as of June 30, 2016, annual maturities and interest rates.

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%.

The District entered into a Capital Lease Obligation on April 8, 2016 for a lease for five school buses in the amount of \$334,905, which is due in five annual installments and for which the final payment is due September 30, 2020. Interest is at 2.06%.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

5. Long-Term Liabilities (continued)

The following is a schedule of the future minimum lease payments under these capital leases and the net present value of the net minimum lease payments at June 30, 2016:

	<u>Amount</u>
Year:	
2017	\$ 82,552
2018	82,552
2019	70,383
2020	70,383
2021	<u>70,382</u>
Total minimum lease payments	376,252
Less amounts representing interest	<u>(18,044)</u>
Present value of net minimum lease payments	<u>\$ 358,208</u>

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,

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

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.

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.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

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.

During the year ended June 30, 2016, the State of New Jersey contributed \$2,063,428 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 \$856,532 during the year ended June 30, 2016 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, 2016, 2015 and 2014 were \$291,904, \$280,512 and \$268,983, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$7,621,749 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0339529140 percent, which was a decrease of 0.0000738822 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$447,888 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 181,828	
Changes of assumptions	818,515	
Net difference between projected and actual earnings on pension plan investments		\$ 122,543
Changes in proportion and differences between District contributions and proportionate share of contributions		232,044
District contributions subsequent to the measurement date	292,545	
	<u>\$ 1,292,888</u>	<u>\$ 354,587</u>

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

\$292,545 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 107,651
2018	107,651
2019	107,653
2020	202,566
2021	120,235
	<u>\$ 645,756</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

(setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 9,472,901	\$ 7,621,749	\$ 6,069,756

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the local group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 3,578,755,666
Deferred inflows of resources	\$ 993,410,455
Net pension liability	\$ 22,447,996,119
 District's Proportion	 0.0339529140%

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2015 and 2014 is 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$76,559,553. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1211303487 percent, which was an increase of 0.0053045164 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$4,674,650 for contributions incurred by the State.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the District	\$ 90,988,167	\$ 76,559,553	\$ 64,128,439

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 7,522,890,856
Deferred inflows of resources	\$ 623,365,110
Net pension liability	\$ 63,204,270,305

State's proportionate share associated with the District	0.1211303487%
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Collective pension expense for the plan for the measurement period ended June 30, 2015 is \$3,854,529,454.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2015 and 2014 is 8.3 and 8.5 years, respectively.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

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

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

7. Post-Retirement Benefits

Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2016, 2015 and 2014 were \$1,121,535, \$1,039,615 and \$803,401, 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, 2016 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 6,189	
Fiduciary Fund - Payroll Agency Fund		\$ 70,500
Fiduciary Fund - Unemployment Compensation Trust Fund	64,311	
	<u>\$ 70,500</u>	<u>\$ 70,500</u>

A portion of the interfund payable in the payroll agency fund represents funds to be transferred to the general fund for employee health contributions. The remaining balance of the payroll agency interfund payable is due to the unemployment compensation trust fund for deductions not yet transferred over. 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, 2016 may be impaired. In the opinion of the District, there are no significant contingent

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

10. Contingent Liabilities (continued)

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. 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 and destruction of assets; errors and omissions; employee health or accident claims; 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

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

12. Deferred Compensation (continued)

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 \$1,111,864 of capital reserve and \$1,134,070 of maintenance reserve 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 611,467
Deposit June 2016 Board meeting	500,000
Interest earnings	397
Ending balance, June 30, 2016	<u>\$ 1,111,864</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

Spotswood Borough School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 \$500,000 at its June 2016 Board meeting leaving \$1,134,070 available in the maintenance reserve at June 30, 2016.

16. Commitments

The District has contractual commitments at June 30, 2016 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$113,352 and in the capital projects fund as restricted for capital projects in the amount of \$3,908,401.

Required Supplementary Information
Part II

Spotswood Borough School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Local Group	0.0340267962%	0.0340267962%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 7,621,749	\$ 6,370,747	\$ 6,822,746	n/a	n/a	n/a	n/a	n/a	n/a	n/a
District's covered-employee payroll	2,362,225	2,373,474	2,369,131	\$ 2,445,731	\$ 2,439,212	\$ 2,521,679	\$ 2,440,404	\$ 2,338,100	\$ 2,151,495	\$ 2,151,495
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	322.65%	269.69%	287.99%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	47.93%	52.08%	48.72%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

n/a - information not available

See Note to Required Supplementary Information

Spotswood Borough School District
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 292,545	\$ 291,904	\$ 280,512	\$ 268,983	\$ 275,418	\$ 287,033	\$ 273,386	\$ 216,959	\$ 171,712	\$ 131,821
Contributions in relation to the contractually required contribution	(292,545)	(291,904)	(280,512)	(268,983)	(275,418)	(287,033)	(273,386)	(216,959)	(171,712)	(131,821)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,309,179	\$ 2,362,225	\$ 2,373,474	\$ 2,369,131	\$ 2,445,731	\$ 2,439,212	\$ 2,521,679	\$ 2,440,404	\$ 2,338,100	\$ 2,151,495
Contributions as a percentage of covered-employee payroll	12.38%	12.30%	11.84%	11.00%	11.29%	11.38%	11.20%	9.28%	7.98%	6.13%

See Note to Required Supplementary Information

Spotswood Borough School District
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	Year Ended June 30,	
	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1211303487%	0.1158258323%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 76,559,553	\$ 61,905,138
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 76,559,553</u>	<u>\$ 61,905,138</u>
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

See Note to Required Supplementary Information

SPOTSWOOD BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information

Year ended June 30, 2016

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

Required Supplementary Information
Part III

Budgetary Comparison

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 14,834,606		\$ 14,834,606	\$ 14,834,606	
Tuition from other LEA's within the state	4,354,956		4,354,956	4,356,256	\$ 1,300
Tuition from individuals	175,000		175,000	208,252	33,252
Miscellaneous	188,000		188,000	381,081	193,081
Total revenues - local sources	19,552,562		19,552,562	19,780,195	227,633
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	50,000		50,000	236,203	186,203
Additional non public transportation aid				5,959	5,959
Under adequacy aid	6,761		6,761	6,761	
PARCC Readiness	14,750		14,750	14,750	
Per Pupil Growth Aid	14,750		14,750	14,750	
On-behalf TPAF pension contributions (non-budgeted)				2,063,428	2,063,428
Reimbursed TPAF social security contributions (non-budgeted)				856,532	856,532
Total - state sources	6,121,713		6,121,713	9,233,835	3,112,122
Federal sources:					
Medicaid reimbursement	22,334		22,334	48,118	25,784
Total - federal sources:	22,334		22,334	48,118	25,784
Total revenues	25,696,609		25,696,609	29,062,148	3,365,539
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	324,200	\$ (100,750)	223,450	223,450	
Kindergarten	658,834	21,625	680,459	679,325	1,134
Grades 1-5	1,546,448	40,925	1,587,373	1,568,209	19,164
Grades 6-8	1,607,542	(40)	1,607,502	1,579,574	27,928
Grades 9-12	4,030,048	(174,352)	3,855,696	3,837,171	18,525
Home instruction - regular programs:					
Salaries of teachers	35,000	10,000	45,000	26,057	18,943
Purchased Professional-Educational Services	20,000	20,000	40,000	21,977	18,023
Undistributed instruction - regular programs:					
Other salaries for instruction	304,775	130,485	435,260	407,053	28,207
Purchased Professional-Educational Services	100,000	39,000	139,000	129,235	9,765
Other purchased services	23,192	508	23,700	22,122	1,578
General supplies	572,678	(73,760)	498,918	474,931	23,987
Textbooks	43,992	2,538	46,530	37,281	9,249
Other objects	3,100	105	3,205	1,279	1,926
Total instruction - regular programs	9,269,809	(83,716)	9,186,093	9,007,664	178,429

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Special education:					
Multiple Disabilities					
Salaries of teachers		\$ 46,500	\$ 46,500	\$ 32,550	\$ 13,950
Other salaries for instruction		58,887	58,887	53,110	5,777
Total multiple disabilities		105,387	105,387	85,660	19,727
Resource room/center:					
Salaries of teachers	\$ 1,416,778	(99,500)	1,317,278	1,294,363	22,915
Other salaries for instruction	306,229	(71,887)	234,342	223,484	10,858
General supplies	5,313	(598)	4,715	4,359	356
Textbooks	4,238	-	4,238	1,784	2,454
Total resource room/center	1,732,558	(171,985)	1,560,573	1,523,990	36,583
Other salaries for instruction	127,172	(123,000)	4,172	3,782	390
Preschool disabilities - full time:					
Salaries of teachers		99,000	99,000	99,000	
Other salaries for instruction		103,000	103,000	102,313	687
Total preschool disabilities - full time		202,000	202,000	201,313	687
Total special education	1,859,730	12,402	1,872,132	1,814,745	57,387
Basic skills/remedial - instruction:					
Salaries of teachers	167,310	(7,931)	159,379	151,458	7,921
General supplies	3,800	(1,704)	2,096	1,760	336
Total basic skills/remedial - instruction	171,110	(9,635)	161,475	153,218	8,257
Bilingual education - instruction:					
Salaries of teachers	83,000		83,000	83,000	
Total bilingual education - instruction	83,000		83,000	83,000	
School - sponsored cocurricular activities:					
Salaries	157,000	(2,518)	154,482	142,937	11,545
Supplies and materials	1,200	(624)	576		576
Other objects	1,095		1,095	525	570
Total school - sponsored cocurricular activities	159,295	(3,142)	156,153	143,462	12,691

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
School - sponsored athletics - instruction:					
Salaries	\$ 280,842	\$ 18,025	\$ 298,867	\$ 294,220	\$ 4,647
Purchased services	73,495	700	74,195	53,613	20,582
Supplies and materials	32,278	(1,850)	30,428	28,411	2,017
Other objects	17,660		17,660	17,545	115
Total school - sponsored athletics - instruction	404,275	16,875	421,150	393,789	27,361
Total instruction	11,947,219	(67,216)	11,880,003	11,595,878	284,125
Support services:					
Instruction:					
Tuition to county special services	249,715	(20,071)	229,644	223,489	6,155
Tuition to private schools for the hand - w/in state	921,153	(84,780)	836,373	696,715	139,658
Tuition to state facilities	32,306	(15,000)	17,306		17,306
Total instruction	1,203,174	(119,851)	1,083,323	920,204	163,119
Health services:					
Salaries	269,900	1,125	271,025	270,050	975
Purchased professional and technical services	193,198	29,380	222,578	173,873	48,705
Supplies and materials	1,889	(480)	1,409	1,056	353
Total health services	464,987	30,025	495,012	444,979	50,033
Speech, OT, PT & related services:					
Salaries	401,600	13,150	414,750	400,122	14,628
Personal professional educational services		13	13	2	11
Total speech, OT, PT & related services	401,600	13,163	414,763	400,124	14,639

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Support services (continued):					
Other support services - students - extra services:					
Purchased professional - educational services	\$ 122,325	\$ 60,075	\$ 182,400	\$ 168,745	\$ 13,655
Total other support services - students - extra services	122,325	60,075	182,400	168,745	13,655
Guidance:					
Salaries of other professional staff	334,950		334,950	334,950	
Salaries of secretarial and clerical assistants	90,255	9,039	99,294	99,294	
Purchased professional - educational services	30,350	15,689	46,039	40,920	5,119
Other purchased professional and technical services	25		25	25	
Total guidance	455,580	24,728	480,308	475,189	5,119
Child study teams:					
Salaries of other professional staff	622,010	44,250	666,260	657,404	8,856
Salaries of secretarial and clerical assistants	119,211	(1,300)	117,911	113,513	4,398
Purchased professional educational services	268,717	(1,657)	267,060	223,114	43,946
Other purchased professional services	3,000		3,000	2,675	325
Supplies and materials	9,704	3,951	13,655	12,082	1,573
Other objects	5,000	(2,500)	2,500	449	2,051
Total child study teams	1,027,642	42,744	1,070,386	1,009,237	61,149
Improvement of instructional services:					
Salaries of supervisors of instruction	420,475	(2,000)	418,475	400,174	18,301
Salaries of secretarial and clerical assist	4,000		4,000	521	3,479
Other salaries	17,550	(7,406)	10,144	1,020	9,124
Purchased professional educational services	8,000	1,000	9,000	500	8,500
Other purchased services		2,500	2,500	800	1,700
Supplies and materials	5,800	(1,733)	4,067	2,573	1,494
Other objects	5,000	10,000	15,000	10,977	4,023
Total improvement of instructional services	460,825	2,361	463,186	416,565	46,621
Educational media services/school library:					
Salaries	67,552	349	67,901	67,550	351
Supplies and materials	1,913	(268)	1,645	1,354	291
Total educational media services/school library	69,465	81	69,546	68,904	642

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Support services (continued):					
Instructional staff training services:					
Other salaries	\$ 1,000		\$ 1,000		\$ 1,000
Other purchased services	34,500	\$ 973	35,473	\$ 11,107	24,366
Supplies and materials	23,550	(1,033)	22,517	17,928	4,589
Other objects	4,000	1,375	5,375	-	5,375
Total instructional staff training services	63,050	1,315	64,365	29,035	35,330
Support services-general administration:					
Salaries	222,538		222,538	216,947	5,591
Legal services	23,000	(1,500)	21,500	19,756	1,744
Audit fees	60,500		60,500	57,500	3,000
Communications/telephone	47,060	(10,000)	37,060	22,866	14,194
BOE other purchased professional services	450		450	116	334
Other purchased services	5,860		5,860	1,420	4,440
General supplies	8,200	(3,479)	4,721	3,253	1,468
Judgments against the school district		1,500	1,500	1,500	
Miscellaneous expenditures	10,300		10,300	5,887	4,413
BOE membership dues and fees	13,500	750	14,250	13,180	1,070
Total support services-general administration	391,408	(12,729)	378,679	342,425	36,254
Support services-school administration:					
Salaries of principals/ assistant principals	538,446	20,365	558,811	553,490	5,321
Salaries of secretarial and clerical assistants	319,570	(16,852)	302,718	295,835	6,883
Other purchased services	21,040	(3,000)	18,040	3,922	14,118
Supplies and materials	18,910	(5,588)	13,322	10,225	3,097
Other objects	8,000	2,300	10,300	7,210	3,090
Total support services-school administration	905,966	(2,775)	903,191	870,682	32,509
Central services:					
Salaries	267,629	(10,000)	257,629	256,239	1,390
Purchased professional services	46,400	3,000	49,400	44,423	4,977
Purchased technical services	86,650		86,650	78,127	8,523
Miscellaneous purchased services	900	1,600	2,500	911	1,589
Supplies and materials	40,000	(4,291)	35,709	31,234	4,475
Other objects	2,850	3,500	6,350	3,499	2,851
Total central services	444,429	(6,191)	438,238	414,433	23,805
Administrative information technology:					
Salaries	184,857	(15,000)	169,857	167,110	2,747
Purchased technical services	50,800		50,800	41,514	9,286
Other objects	13,422		13,422	13,421	1
Total administrative information technology	249,079	(15,000)	234,079	222,045	12,034
Required maintenance for school facilities:					
Salaries	165,287	31,360	196,647	184,147	12,500
Cleaning, repair and maintenance services	198,500	(1,080)	197,420	186,734	10,686
General supplies	123,500	(31,829)	91,671	67,795	23,876
Other objects	28,000		28,000	16,933	11,067
Total required maintenance for school facilities	515,287	(1,549)	513,738	455,609	58,129

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current expenditures (continued):					
Support services (continued):					
Custodial services:					
Salaries	\$ 1,000,328	\$ (14,967)	\$ 985,361	\$ 893,489	\$ 91,872
Salaries of non instructional aides	63,000	(3,000)	60,000	48,921	11,079
Purchased professional and technical services	2,000		2,000	2,000	
Other purchased property services	19,500	2,700	22,200	22,197	3
General supplies	79,997	(12,208)	67,789	49,883	17,906
Energy - natural gas	86,650	13,900	100,550	78,383	22,167
Energy - electric	439,000	(16,600)	422,400	327,238	95,162
Other objects	1,000		1,000	800	200
Interest - energy savings bonds	70,000		70,000	64,588	5,412
Total custodial services	1,761,475	(30,175)	1,731,300	1,487,499	243,801
Care and upkeep of grounds:					
Salaries	107,540	6,000	113,540	108,762	4,778
Cleaning, repair and maintenance services	45,200	(5,860)	39,340	22,306	17,034
General supplies	31,400	(9,990)	21,410	5,910	15,500
Total care and upkeep of grounds	184,140	(9,850)	174,290	136,978	37,312
Security:					
Salaries	73,595	6,856	80,451	80,449	2
Purchased professional and technical services	45,000		45,000	45,000	
General supplies	2,240	(430)	1,810	1,412	398
Total security	120,835	6,426	127,261	126,861	400
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	18,985	30,931	49,916	49,427	489
Between home and school - sp. ed.	64,392	70,000	134,392	126,363	8,029
Other than between home and school	40,000		40,000	30,505	9,495
Contracted services:					
Between home & school - regular	279,000	(119,000)	160,000	109,174	50,826
Other between home & school - regular	74,200	749	74,949	41,039	33,910
Vendors - special ed	408,000	(65,000)	343,000	312,110	30,890
Aid in lieu payments - nonpublic schools	36,172		36,172	30,547	5,625
Cleaning, repair and maintenance services	30,000	20,000	50,000	47,963	2,037
Rental payments - school buses		126,355	126,355	102,025	24,330
Lease purch payments - school buses	12,670		12,670	12,168	502
Total student transportation services	963,419	64,035	1,027,454	861,321	166,133
Unallocated benefits:					
Social security contributions	370,000	(12,383)	357,617	361,674	(4,057)
Other retirement contributions - ERIP	4,000		4,000	3,776	224
Other retirement contributions - regular	405,000	(46,853)	358,147	320,302	37,845
Group insurance	216,132		216,132	206,073	10,059
Unemployment compensation		192,000	192,000	191,124	876
Worker's compensation	175,300	(11,000)	164,300	144,242	20,058
Health insurance	2,862,752	58,662	2,921,414	2,909,595	11,819
Tuition reimbursement	45,150		45,150	38,885	6,265
Total unallocated benefits	4,078,334	180,426	4,258,760	4,175,671	83,089

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
On-behalf TPAF pension contributions (non-budgeted)				\$ 2,063,428	\$ (2,063,428)
Reimbursed TPAF social security (non-budgeted)				856,532	(856,532)
Total on-behalf and reimbursed contributions				2,919,960	(2,919,960)
Total undistributed expenditures	\$ 13,883,020	\$ 227,259	\$ 14,110,279	15,946,466	(1,836,187)
Total current expenditures	25,830,239	160,043	25,990,282	27,542,344	(1,552,062)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Kindergarten	15,000		15,000	11,146	3,854
Grades 1-5	22,730		22,730	18,990	3,740
Grades 6-8	21,000		21,000	15,035	5,965
Grades 9-12	53,962		53,962	45,827	8,135
Undistributed expenditures:					
Instruction	30,000		30,000	28,506	1,494
Support services - students - special	15,800		15,800	8,886	6,914
Required maintenance school facilities	39,000		39,000	1,475	37,525
Total equipment	197,492		197,492	129,865	67,627
Facilities acquisition and construction services:					
Lease purchase agreements - principal	115,000		115,000	115,000	-
Other objects	47,744		47,744	47,744	-
Total facilities acquisition and construction services	162,744		162,744	162,744	-
Assets acquired under capital leases (non-budgeted)				334,905	(334,905)
Total expenditures - capital outlay	360,236		360,236	627,514	(267,278)
Transfer of funds to charter schools	40,282	571	40,853	40,847	6
Total expenditures	26,230,757	160,614	26,391,371	28,210,705	(1,819,334)
(Deficiency) excess of revenues (under) over expenditures	(534,148)	(160,614)	(694,762)	851,443	1,546,205
Other financing sources:					
Capital leases (non-budgeted)				334,905	334,905
Total other financing sources	-	-	-	334,905	334,905
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(534,148)	(160,614)	(694,762)	1,186,348	1,881,110
Fund balances, July 1	3,050,223		3,050,223	3,050,223	
Fund balances, June 30	\$ 2,516,075	\$ (160,614)	\$ 2,355,461	\$ 4,236,571	\$ 1,881,110
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources					
Budgeted fund balance	\$ (534,148)	\$ -	\$ (631,503)	\$ 1,249,607	\$ 1,881,110
Decrease in capital reserve					
Decrease in maintenance reserve					
Appropriation of prior year extraordinary aid		(97,355)			
Adjustment for prior year encumbrances		\$ (63,259)	(63,259)	(63,259)	
Total	\$ (534,148)	\$ (160,614)	\$ (694,762)	\$ 1,186,348	\$ 1,881,110

Spotswood Borough School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources					
Budgeted fund balance	\$ (534,148)	(97,355)	\$ (631,503)	\$ 1,249,607	\$ 1,881,110
Adjustment for prior year encumbrances		(63,259)	(63,259)	(63,259)	
Total	<u>\$ (534,148)</u>	<u>\$ (160,614)</u>	<u>\$ (694,762)</u>	<u>\$ 1,186,348</u>	<u>\$ 1,881,110</u>

Recapitulation of fund balance:

Restricted for:

Capital reserve	\$ 1,111,864
Maintenance reserve	1,134,070
Excess surplus - prior year	590,090
Excess surplus - current year	592,727

Assigned to:

Other purposes	113,352
Designated for subsequent years expenditures - SEMI	3,189
Unassigned	691,279
	<u>4,236,571</u>

Reconciliation to Government Funds Statements GAAP:

Last state aid payments not recognized on GAAP basis	(599,551)
Fund balance per Government Funds (GAAP) (B-1)	<u>\$ 3,637,020</u>

Spotswood Borough School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 86,940	\$ 12,320	\$ 99,260	\$ 82,906	\$ (16,354)
Federal sources	480,606	117,034	597,640	585,956	(11,684)
Other sources		35,507	35,507	7,123	(28,384)
Total revenues	<u>567,546</u>	<u>164,861</u>	<u>732,407</u>	<u>675,985</u>	<u>(56,422)</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	99,204	12,104	111,308	111,308	
Tuition	280,065	89,935	370,000	370,000	
Supplies and materials	12,377	31,241	43,618	32,277	11,341
Textbooks	14,097	(2,791)	11,306	10,965	341
Miscellaneous expenditures		4,675	4,675	1,976	2,699
Total instruction	<u>405,743</u>	<u>135,164</u>	<u>540,907</u>	<u>526,526</u>	<u>14,381</u>
Support services:					
Salaries	3,400	(300)	3,100	3,100	
Personnel services—employee benefits	24,150	1,559	25,709	25,709	
Purchased professional technical services	46,960	280	47,240	40,615	6,625
Purchased professional educational services	72,843	8,853	81,696	67,327	14,369
Other purchased services		12,358	12,358	7,561	4,797
Supplies and materials	5,950	(5,680)	270		270
Total support services	<u>153,303</u>	<u>17,070</u>	<u>170,373</u>	<u>144,312</u>	<u>26,061</u>
Support services - School Administration:					
Salaries		1,308	1,308		1,308
Total support services - school administration		<u>1,308</u>	<u>1,308</u>		<u>1,308</u>
Support services - other:					
Miscellaneous Expenditures		2,000	2,000		2,000
Total support services - other		<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Capital outlay:					
Equipment - Instructional	8,500	(8,500)			
Equipment - Non Instructional		17,819	17,819	5,147	12,672
Total capital outlay	<u>8,500</u>	<u>9,319</u>	<u>17,819</u>	<u>5,147</u>	<u>12,672</u>
Total expenditures	<u>567,546</u>	<u>164,861</u>	<u>732,407</u>	<u>675,985</u>	<u>56,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Spotswood Borough School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2016

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 29,062,148	\$ 675,985
Differences - Budget to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	600,601	
Current year	(599,551)	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ 29,063,198	\$ 675,985
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-1, C-2)	\$ 28,210,705	\$ 675,985
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 28,210,705	\$ 675,985

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, 2016

	Title I Regular Part A	Title II Part A Regular	I.D.E.A.		Non Public Programs	
			Part B Regular	Preschool Regular	Auxiliary Services Transportation	Compensatory Education
Revenues:						
State sources					\$ 4,181	\$ 14,383
Federal sources	\$ 135,245	\$ 20,777	\$ 410,979	\$ 18,955		
Other sources						
Total revenues	\$ 135,245	\$ 20,777	\$ 410,979	\$ 18,955	\$ 4,181	\$ 14,383
Expenditures:						
Current expenditures:						
Instruction:						
Salaries of teachers	\$ 93,700			\$ 17,608		
Tuition to other LEAs within the State			\$ 370,000			
Supplies and materials	17,183		10,480			
Textbooks						
Miscellaneous expenditures						
Total instruction	110,883		380,480	17,608		
Support services:						
Salaries		\$ 3,100				
Personnel services—employee benefits	24,362			1,347		
Purchased professional and technical services		10,116	30,499			
Purchased professional educational services					\$ 4,181	\$ 14,383
Other purchased services		7,561				
Total support services	24,362	20,777	30,499	1,347	4,181	14,383
Capital outlay:						
Non-instructional equipment						
Total capital outlay						
Total expenditures	\$ 135,245	\$ 20,777	\$ 410,979	\$ 18,955	\$ 4,181	\$ 14,383

Spotswood Township School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2016

	Non Public Programs							Local Programs	Totals
	Textbooks	Nursing	Technology	Security	Handicapped Services				
					Exam and Classification	Supplemental Instruction	Corrective Speech		
Revenues:									
State sources	\$ 10,965	\$ 16,970	\$ 5,037	\$ 4,614	\$ 13,289	\$ 5,942	\$ 7,525	\$ 82,906	
Federal sources								585,956	
Other sources								7,123	
Total revenues	\$ 10,965	\$ 16,970	\$ 5,037	\$ 4,614	\$ 13,289	\$ 5,942	\$ 7,525	\$ 675,985	
Expenditures:									
Current expenditures:									
Instruction:									
Salaries of teachers								\$ 111,308	
Tuition to other LEAs within the State								370,000	
Supplies and materials				\$ 4,614				32,277	
Textbooks	\$ 10,965							10,965	
Miscellaneous expenditures								1,976	
Total instruction	10,965			4,614				526,526	
Support services:									
Salaries								3,100	
Personnel services—employee benefits								25,709	
Purchased professional and technical services								40,615	
Purchased professional educational services		\$ 16,970	\$ 5,037		\$ 13,289	\$ 5,942	\$ 7,525	67,327	
Other purchased services								7,561	
Total support services		16,970	5,037		13,289	5,942	7,525	144,312	
Capital outlay:									
Non-instructional equipment								5,147	
Total capital outlay								5,147	
Total expenditures	\$ 10,965	\$ 16,970	\$ 5,037	\$ 4,614	\$ 13,289	\$ 5,942	\$ 7,525	\$ 675,985	

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, 2016

Revenues and other financing sources	
State Sources - SDA Grant	\$ 1,120,475
Bond proceeds	8,223,000
Total revenues and other financing sources	<u>9,343,475</u>
Expenditures	
Equipment	199,528
Construction services	2,824,629
Architectural services	391,508
Legal	35,622
Other	32,635
Total expenditures	<u>3,483,922</u>
Excess of revenues over expenditures	5,859,553
Fund Balance, July 1	<u>-</u>
Fund Balance, June 30	<u><u>\$ 5,859,553</u></u>
Fund balance, budgetary-basis	\$ 5,859,553
Less difference in grant revenue recognized	<u>(656,244)</u>
Fund balance, GAAP-basis	<u><u>\$ 5,203,309</u></u>

Spotswood Borough School District
Capital Projects Fund

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

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 1,120,475	\$ 1,120,475	\$ 1,120,475
Bond proceeds		8,223,000	8,223,000	8,223,000
Total revenues	-	9,343,475	9,343,475	<u>\$ 9,343,475</u>
Expenditures and Other Financing Uses				
Equipment		199,528	199,528	
Construction services		2,824,629	2,824,629	
Architecural services		391,508	391,508	
Legal		35,622	35,622	
Other		32,635	32,635	
Total expenditures	-	3,483,922	3,483,922	
Excess (deficiency) of revenues over (under) expenditures	-	<u>\$ 5,859,553</u>	<u>\$ 5,859,553</u>	

Spotswood Borough School District
Capital Projects Fund

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

Telecommunications System: G. Austin Schoenly Elementary School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 6,696	\$ 6,696	\$ 6,696
Bond proceeds		10,043	10,043	10,043
Total revenues	-	16,739	16,739	<u>\$ 16,739</u>
Expenditures and Other Financing Uses				
Equipment		15,942	15,942	
Construction services			-	
Architectural services		-	-	
Legal			-	
Other				
Total expenditures	-	15,942	15,942	
Excess (deficiency) of revenues over (under) expenditures	-	797	797	
Additional project information				
Project number	4970-060-14-1007			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	10,043		
Bonds Issued		10,043		
Original Authorized Cost		16,739		
Additional Authorized Cost		-		
Revised Authorized Cost		16,739		
Percentage Increase over Original				
Authorized Cost		0.00%		
Percentage completion		95.24%		
Original target completion date		8/31/2016		
Revised target completion date		8/31/2016		

Spotswood Borough School District
Capital Projects Fund

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

Telecommunications System: E. Raymond Appleby Elementary School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 9,327	\$ 9,327	\$ 9,327
Bond proceeds		13,990	13,990	13,990
Total revenues	-	23,317	23,317	<u>\$ 23,317</u>
Expenditures and Other Financing Uses				
Equipment		22,207	22,207	
Construction services				
Architectural services				
Legal				
Other				
Total expenditures	-	22,207	22,207	
Excess (deficiency) of revenues over (under) expenditures	-	1,110	1,110	
Additional project information				
Project number	4970-050-14-1006			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	13,990		
Bonds Issued		13,990		
Original Authorized Cost		23,317		
Additional Authorized Cost		-		
Revised Authorized Cost		23,317		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	95.24%			
Original target completion date	8/31/2016			
Revised target completion date	8/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

Telecommunications System: Spotswood Memorial School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 8,676	\$ 8,676	\$ 8,676
Bond proceeds		13,013	13,013	13,013
Total revenues	-	21,689	21,689	<u>\$ 21,689</u>
Expenditures and Other Financing Uses				
Equipment		20,656	20,656	
Construction services				
Architectural services				
Legal				
Other				
Total expenditures	-	20,656	20,656	
Excess (deficiency) of revenues over (under) expenditures	-	1,033	1,033	
Additional project information				
Project number	4970-090-14-1008			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	13,013		
Bonds Issued		13,013		
Original Authorized Cost		21,689		
Additional Authorized Cost		-		
Revised Authorized Cost		21,689		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	95.24%			
Original target completion date	8/31/2016			
Revised target completion date	8/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

Telecommunications System: Spotswood High School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 59,104	\$ 59,104	\$ 59,104
Bond proceeds		88,655	88,655	88,655
Total revenues	-	147,759	147,759	<u>\$ 147,759</u>
Expenditures and Other Financing Uses				
Equipment		140,723	140,723	
Construction services				
Architectural services				
Legal				
Other				
Total expenditures	-	140,723	140,723	
Excess (deficiency) of revenues over (under) expenditures	-	\$ 7,036	\$ 7,036	
Additional project information				
Project number	4970-040-14-1005			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	88,655		
Bonds Issued		88,655		
Original Authorized Cost		147,759		
Additional Authorized Cost		-		
Revised Authorized Cost		147,759		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	95.24%			
Original target completion date	8/31/2016			
Revised target completion date	8/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

HVAC Server Room: High School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 79,440	\$ 79,440	\$ 79,440
Bond proceeds		119,160	119,160	119,160
Total revenues	-	198,600	198,600	<u>\$ 198,600</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services				
Architectural services		3,755	3,755	
Legal				
Other				
Total expenditures	-	3,755	3,755	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 194,845	\$ 194,845	
Additional project information				
Project number	4970-040-14-1003			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	119,160		
Bonds Issued		119,160		
Original Authorized Cost		198,600		
Additional Authorized Cost		-		
Revised Authorized Cost		198,600		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	1.89%			
Original target completion date	9/30/2016			
Revised target completion date	9/30/2016			

Spotswood Borough School District
Capital Projects Fund

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

Roof Replacement: High School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 728,552	\$ 728,552	\$ 728,552
Bond proceeds		1,092,827	1,092,827	1,092,827
Total revenues	-	1,821,379	1,821,379	<u>\$ 1,821,379</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services		668,115	668,115	
Architectural services		56,654	56,654	
Legal				
Other				
Total expenditures	-	724,769	724,769	
Excess (deficiency) of revenues over (under) expenditures	-	\$ 1,096,610	\$ 1,096,610	
Additional project information				
Project number	4970-040-14-1001			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	1,092,827		
Bonds Issued		1,092,827		
Original Authorized Cost		1,821,379		
Additional Authorized Cost		-		
Revised Authorized Cost		1,821,379		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	39.79%			
Original target completion date	8/31/2016			
Revised target completion date	8/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

Roof Replacement: Spotswood Memorial School

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant		\$ 228,680	\$ 228,680	\$ 228,680
Bond proceeds		343,020	343,020	343,020
Total revenues	-	571,700	571,700	<u>\$ 571,700</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services		213,101	213,101	
Architectural services		19,421	19,421	
Legal			-	
Other				
Total expenditures	-	232,522	232,522	
Excess (deficiency) of revenues over (under) expenditures	-	\$ 339,178	\$ 339,178	
Additional project information				
Project number	4970-090-14-1002			
Grant date	9/8/2016			
Bond authorization date	11/3/2015			
Bonds Authorized	\$	343,020		
Bonds Issued		343,020		
Original Authorized Cost		571,700		
Additional Authorized Cost		-		
Revised Authorized Cost		571,700		
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	40.67%			
Original target completion date	8/31/2016			
Revised target completion date	8/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

School Improvements

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds		\$ 5,328,450	\$ 5,328,450	\$ 5,328,450
Total revenues	-	5,328,450	5,328,450	<u>5,328,450</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services		1,444,000	1,444,000	
Architectural services		300,473	300,473	
Legal		35,622	35,622	
Other		32,635	32,635	
Total expenditures	-	1,812,730	1,812,730	
Excess (deficiency) of revenues over (under) expenditures	-	\$ 3,515,720	\$ 3,515,720	
Additional project information				
Project number		N/A		
Grant date		N/A		
Bond authorization date		11/3/2015		
Bonds Authorized	\$	5,328,450		
Bonds Issued		5,328,450		
Original Authorized Cost		5,328,450		
Additional Authorized Cost		-		
Revised Authorized Cost		5,328,450		
Percentage Increase over Original				
Authorized Cost		0.00%		
Percentage completion		34.02%		
Original target completion date		12/31/2016		
Revised target completion date		12/31/2016		

Spotswood Borough School District
Capital Projects Fund

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

Security Cameras and Server Upgrades

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds	-	\$ 129,000	\$ 129,000	\$ 129,000
Total revenues	-	129,000	129,000	<u>129,000</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services				
Architecural services				
Legal				
Other				
Total expenditures	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 129,000</u>	<u>\$ 129,000</u>	
Additional project information				
Project number	N/A			
Grant date	N/A			
Bond authorization date	11/3/2015			
Bonds Authorized	\$ 129,000			
Bonds Issued	129,000			
Original Authorized Cost	129,000			
Additional Authorized Cost	-			
Revised Authorized Cost	129,000			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	0.00%			
Original target completion date	12/31/2016			
Revised target completion date	12/31/2016			

Spotswood Borough School District
Capital Projects Fund

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

Bleacher and Pressbox Replacement

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds	\$ -	\$ 903,000	\$ 903,000	\$ 903,000
Total revenues	-	903,000	903,000	<u>\$ 903,000</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services		499,413	499,413	
Architectural services		11,205	11,205	
Legal				
Other				
Total expenditures	-	510,618	510,618	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 392,382</u>	<u>\$ 392,382</u>	
Additional project information				
Project number		N/A		
Grant date		N/A		
Bond authorization date		11/3/2015		
Bonds Authorized	\$	903,000		
Bonds Issued		903,000		
Original Authorized Cost		903,000		
Additional Authorized Cost		-		
Revised Authorized Cost		903,000		
Percentage Increase over Original				
Authorized Cost		0.00%		
Percentage completion		56.55%		
Original target completion date		8/31/2016		
Revised target completion date		8/31/2016		

Spotswood Borough School District
Capital Projects Fund

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

Fire Alarm Upgrades

From Inception and for the year ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds	\$ -	\$ 181,842	\$ 181,842	\$ 181,842
Total revenues	-	181,842	181,842	<u>181,842</u>
Expenditures and Other Financing Uses				
Equipment				
Construction services				
Architectural services				
Legal				
Other				
Total expenditures	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 181,842</u>	<u>\$ 181,842</u>	
Additional project information				
Project number	N/A			
Grant date	N/A			
Bond authorization date	11/3/2015			
Bonds Authorized	\$ 181,842			
Bonds Issued	181,842			
Original Authorized Cost	181,842			
Additional Authorized Cost	-			
Revised Authorized Cost	181,842			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	0.00%			
Original target completion date	12/31/2016			
Revised target completion date	12/31/2016			

Spotswood Township School District
Capital Projects Fund

Summary Schedule of Project Expenditures
(Budgetary Basis)

From Inception and for the year ended June 30, 2016

Issue/Project Title	Appropriations	Expenditures to Date		Unexpended Balance
		Prior Years	Current Year	
Telecommunications System: G. Austin Schoenly Elementary School	\$ 16,739	\$ -	\$ 15,942	\$ 797
Telecommunications System: E. Raymond Appleby Elementary School	23,317		22,207	1,110
Telecommunications System: Spotswood Memorial School	21,689		20,656	1,033
Telecommunications System: Spotswood High School	147,759		140,723	7,036
HVAC Server Room: High School	198,600		3,755	194,845
Roof Replacement: High School	1,821,379		724,769	1,096,610
Roof Replacement: Spotswood Memorial School	571,700		232,522	339,178
School Improvements	5,328,450		1,812,730	3,515,720
Security Cameras and Server Upgrades	129,000		-	129,000
Bleacher and Pressbox Replacement	903,000		510,618	392,382
Fire Alarm Upgrades	181,842		-	181,842
	<u>\$ 9,343,475</u>	<u>\$ -</u>	<u>\$ 3,483,922</u>	<u>\$ 5,859,553</u>

Fiduciary Funds

Spotswood Borough School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2016

	<u>Trust</u>	<u>Agency</u>		
	<u>Unemployment Compensation</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets				
Cash and cash equivalents	\$ 169,788	\$ 217,376	\$ 777,533	\$ 994,909
Interfund receivable	64,311			
Total assets	<u>234,099</u>	<u>\$ 217,376</u>	<u>\$ 777,533</u>	<u>\$ 994,909</u>
Liabilities				
Accounts payable	4,009			
Payroll deductions and withholdings payable and summer escrow payable			\$ 707,033	\$ 707,033
Interfund payable			70,500	70,500
Due to student groups		\$ 217,376		217,376
Total liabilities	<u>4,009</u>	<u>\$ 217,376</u>	<u>\$ 777,533</u>	<u>\$ 994,909</u>
Net position				
Held in trust for unemployment claims	<u>\$ 230,090</u>			

Spotswood Borough School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	<u>Unemployment Compensation Trust Fund</u>
Additions:	
Contributions from employees	\$ 31,497
Board contributions	<u>191,124</u>
Total additions	<u>222,621</u>
Deductions:	
Unemployment benefits claims paid	<u>114,391</u>
Total deductions	<u>114,391</u>
Change in net position	108,230
Net position, beginning of year	<u>121,860</u>
Net position, end of year	<u><u>\$ 230,090</u></u>

Spotswood Borough School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Elementary Schools				
Appleby	\$ 14,903	\$ 54,985	\$ 55,841	\$ 14,047
Schoenly	11,190	12,665	12,281	11,574
Total Elementary Schools	<u>26,093</u>	<u>67,650</u>	<u>68,122</u>	<u>25,621</u>
Middle School				
Memorial School	21,330	28,777	32,351	17,756
Total Middle School	<u>21,330</u>	<u>28,777</u>	<u>32,351</u>	<u>17,756</u>
Senior High School				
Spotswood High School	117,973	1,279,226	1,265,980	131,219
Athletic Fund	52,192	126,441	135,853	42,780
Total Senior High School	<u>170,165</u>	<u>1,405,667</u>	<u>1,401,833</u>	<u>173,999</u>
Total all schools	<u>\$ 217,588</u>	<u>\$ 1,502,094</u>	<u>\$ 1,502,306</u>	<u>\$ 217,376</u>

Spotswood Borough School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2016

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Assets				
Cash and cash equivalents	\$ 724,003	\$ 18,793,851	\$ 18,740,321	\$ 777,533
Total assets	<u>\$ 724,003</u>	<u>\$ 18,793,851</u>	<u>\$ 18,740,321</u>	<u>\$ 777,533</u>
Liabilities				
Payroll deductions and withholdings and summer escrow payable	\$ 627,362	\$ 18,762,402	\$ 18,682,731	\$ 707,033
Interfund payable	96,641	31,449	57,590	70,500
Total liabilities	<u>\$ 724,003</u>	<u>\$ 18,793,851</u>	<u>\$ 18,740,321</u>	<u>\$ 777,533</u>

Long-Term Debt

Spotswood Borough School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding School Bonds	5/16/2011	\$ 7,135,000	1/15/2017	\$ 580,000	3.00%	\$ 5,580,000		\$ 570,000	\$ 5,010,000
			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	4/1/2017	125,000	2.00	2,165,000		115,000	2,050,000
			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				
School Bonds, Series 2016	1/7/2016	8,223,000	9/1/2017	265,000	2.00	\$ 8,223,000			8,223,000
			9/1/2018	275,000	2.00				
			9/1/2019	280,000	2.00				
			9/1/2020	300,000	2.00				
			9/1/2021	300,000	2.00				
			9/1/2022	300,000	2.00				
			9/1/2023	300,000	2.00				
			9/1/2024	500,000	2.00				
			9/1/2025	500,000	2.00				
			9/1/2026	500,000	2.00				
			9/1/2027	525,000	2.25				
			9/1/2028	525,000	2.25				
			9/1/2029	525,000	2.38				
			9/1/2030	525,000	3.00				
			9/1/2031	525,000	3.00				
			9/1/2032	525,000	3.00				
9/1/2033	525,000	3.00							
9/1/2034	525,000	3.00							
9/1/2035	503,000	3.00							
						<u>\$ 7,745,000</u>	<u>\$ 8,223,000</u>	<u>\$ 685,000</u>	<u>\$ 15,283,000</u>

Spotswood Borough School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2016

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2016</u>
2013-2014 Alliance Bus Group - School Bus	2.950%	\$ 57,314	\$ 34,456	\$ -	\$ 11,153	\$ 23,303
2016 Truck King International - School Buses	2.060%	334,905	-	334,905	-	334,905
			<u>\$ 34,456</u>	<u>\$ 334,905</u>	<u>\$ 11,153</u>	<u>\$ 358,208</u>

Spotswood Borough School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local sources:					
Local tax levy	\$ 951,325		\$ 951,325	\$ 951,325	
Total revenues	<u>951,325</u>		<u>951,325</u>	<u>951,325</u>	<u>-</u>
Expenditures:					
Interest on bonds	201,737		201,737	201,737	
Principal on bonds	570,000		570,000	570,000	
Total expenditures	<u>771,737</u>		<u>771,737</u>	<u>771,737</u>	<u>-</u>
Excess of revenues over expenditures	179,588		179,588	179,588	-
Fund balance, July 1	-		-	-	
Fund balance, June 30	<u>\$ 179,588</u>	<u>\$ -</u>	<u>\$ 179,588</u>	<u>\$ 179,588</u>	<u>\$ -</u>

**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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 7,435,707	\$ 7,754,182	\$ 7,934,811	\$ 8,405,875	\$ 8,730,524	\$ 9,274,773	\$ 10,401,006	\$ 10,472,674	\$ 10,474,046	\$ 10,248,069
Restricted	1,203,732	2,129,345	1,802,712	1,464,885	2,050,004	2,338,662	859,010	1,125,861	2,131,006	3,883,006
Unrestricted (deficit)	297,690	(409,265)	(611,050)	(455,629)	(159,403)	(195,248)	(209,416)	(400,529)	(7,595,382)	(7,735,263)
Total governmental activities net position	\$ 8,937,129	\$ 9,474,262	\$ 9,126,473	\$ 9,415,131	\$ 10,621,125	\$ 11,418,187	\$ 11,050,600	\$ 11,198,006	\$ 5,009,670	\$ 6,395,812
Business-type activities										
Net investment in capital assets					\$ 9,252	\$ 7,032	\$ 4,812	\$ 2,592	\$ 7,642	\$ 5,712
Unrestricted	\$ 181,104	\$ 214,541	\$ 222,264	\$ 266,616	357,029	468,337	509,465	404,846	381,649	306,436
Total business-type activities net position	\$ 181,104	\$ 214,541	\$ 222,264	\$ 266,616	\$ 366,281	\$ 475,369	\$ 514,277	\$ 407,438	\$ 389,291	\$ 312,148
Government-wide										
Net investment in capital assets	\$ 7,435,707	\$ 7,754,182	\$ 7,934,811	\$ 8,405,875	\$ 8,739,776	\$ 9,281,805	\$ 10,405,818	\$ 10,475,266	\$ 10,481,688	\$ 10,253,781
Restricted	1,203,732	2,129,345	1,802,712	1,464,885	2,050,004	2,338,662	859,010	1,125,861	2,131,006	3,883,006
Unrestricted (deficit)	478,794	(194,724)	(388,786)	(189,013)	197,626	273,089	300,049	4,317	(7,213,733)	(7,428,827)
Total district net position	\$ 9,118,233	\$ 9,688,803	\$ 9,348,737	\$ 9,681,747	\$ 10,987,406	\$ 11,893,556	\$ 11,564,877	\$ 11,605,444	\$ 5,398,961	\$ 6,707,960

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.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$6,822,746. This amount is not reflected in the June 30, 2014 Net Position, above.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction	\$ (13,816,578)	\$ (14,472,637)	\$ (15,601,128)	\$ (16,411,805)	\$ (16,170,747)	\$ (16,945,523)	\$ (18,078,475)	\$ (17,813,904)	\$ (20,115,485)	\$ (21,013,902)
Support services:										
Health services	(327,464)	(321,759)	(367,124)	(367,615)	(360,310)	(443,106)	(481,418)	(389,396)	(620,382)	(650,203)
Other support services	(2,583,125)	(2,579,440)	(2,786,355)	(2,672,857)	(2,446,934)	(2,590,171)	(2,988,712)	(2,965,175)	(3,321,425)	(3,395,479)
Improvement of instruction	(532,211)	(603,546)	(517,597)	(551,552)	(385,422)	(443,149)	(462,145)	(633,328)	(545,589)	(709,753)
School library	(209,838)	(218,828)	(224,705)	(224,678)	(98,143)	(97,094)	(95,850)	(97,970)	(111,115)	(118,148)
Instructional staff training	(96,543)	(118,667)	(122,610)	(118,111)	(27,858)	(46,764)	(38,971)	(31,455)	(20,121)	(30,466)
General administration	(497,106)	(539,341)	(488,776)	(509,212)	(443,942)	(462,852)	(452,165)	(451,491)	(488,596)	(506,552)
School administration	(1,266,026)	(1,345,116)	(1,141,868)	(1,200,129)	(1,141,675)	(1,159,893)	(1,225,996)	(1,204,169)	(1,329,599)	(1,490,060)
Support services										
Central services	(503,311)	(510,976)	(520,339)	(572,572)	(521,992)	(635,231)	(574,314)	(558,885)	(573,945)	(608,778)
Administration and information technology	(145,278)	(153,257)	(200,485)	(223,036)	(236,545)	(234,930)	(253,784)	(284,986)	(369,463)	(346,412)
Required maintenance of plant services	(698,302)	(655,836)	(603,992)	(548,616)	(606,166)	(451,913)	(495,613)	(606,288)	(621,343)	(603,051)
Operation of plant	(2,107,054)	(2,268,246)	(2,436,869)	(2,143,438)	(2,372,320)	(2,181,727)	(2,318,083)	(2,229,264)	(2,532,670)	(2,605,724)
Student transportation	(486,704)	(486,097)	(687,267)	(942,950)	(931,463)	(920,032)	(1,032,159)	(970,135)	(1,107,196)	(1,043,792)
Transfer to charter schools								(29,988)	(30,204)	(40,847)
Business and other support services & benefits	(132,827)	(150,087)								
Capital outlay	(98,402)									
Interest on long term debt	(510,538)	(482,974)	(444,899)	(412,248)	(263,696)	(299,641)	(312,582)	(451,126)	(275,587)	(338,187)
Total governmental activities expenses	<u>(24,011,307)</u>	<u>(24,906,807)</u>	<u>(26,144,014)</u>	<u>(26,898,819)</u>	<u>(26,007,213)</u>	<u>(26,912,026)</u>	<u>(28,810,267)</u>	<u>(28,717,560)</u>	<u>(32,062,720)</u>	<u>(33,501,354)</u>
Business-type activities:										
Food service	(486,754)	(546,274)	(572,008)	(566,808)	(541,641)	(568,570)	(566,894)	(530,804)	(421,676)	(444,935)
CARES	(323,554)	(280,008)	(345,323)	(279,217)	(314,546)	(312,307)	(343,819)	(418,544)	(501,149)	(551,186)
Printing services			(5,378)	(14,811)	(19,006)	-	-	-	-	-
Total business-type activities expense	<u>(810,308)</u>	<u>(826,282)</u>	<u>(922,709)</u>	<u>(860,836)</u>	<u>(875,193)</u>	<u>(880,877)</u>	<u>(910,713)</u>	<u>(949,348)</u>	<u>(922,825)</u>	<u>(996,121)</u>
Total district expenses	<u>\$ (24,821,615)</u>	<u>\$ (25,733,089)</u>	<u>\$ (27,066,723)</u>	<u>\$ (27,759,655)</u>	<u>\$ (26,882,406)</u>	<u>\$ (27,792,903)</u>	<u>\$ (29,720,980)</u>	<u>\$ (29,666,908)</u>	<u>\$ (32,985,545)</u>	<u>\$ (34,497,475)</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 7,158,656	\$ 6,806,025	\$ 7,271,245	\$ 3,906,064	\$ 4,686,085	\$ 4,192,661	\$ 4,121,660	\$ 4,653,700	\$ 4,940,108	\$ 4,564,508
Operating grants and contributions	862,214	690,748	705,662	1,046,228	685,679	695,364	695,440	701,268	673,059	675,985
Capital grants and contributions	5,661	3,353		56,274						464,231
Total governmental activities program revenues	<u>8,026,531</u>	<u>7,500,126</u>	<u>7,976,907</u>	<u>5,008,566</u>	<u>5,371,764</u>	<u>4,888,025</u>	<u>4,817,100</u>	<u>5,354,968</u>	<u>5,613,167</u>	<u>5,704,724</u>
Business-type activities:										
Charges for services:										
Food service	400,706	450,268	463,144	430,963	414,931	421,985	401,484	314,119	319,583	305,579
CARES	323,645	299,921	345,363	324,091	367,235	406,177	383,822	398,024	443,206	453,748
Printing services			2,729	742	2,243	-	-	-	-	-
Operating grants and contributions	95,502	106,518	117,150	147,881	156,428	161,769	164,315	130,366	141,889	159,651
Total business type activities program revenues	<u>819,853</u>	<u>856,707</u>	<u>928,386</u>	<u>903,677</u>	<u>940,837</u>	<u>989,931</u>	<u>949,621</u>	<u>842,509</u>	<u>904,678</u>	<u>918,978</u>
Total district program revenues	<u>\$ 8,846,384</u>	<u>\$ 8,356,833</u>	<u>\$ 8,905,293</u>	<u>\$ 5,912,243</u>	<u>\$ 6,312,601</u>	<u>\$ 5,877,956</u>	<u>\$ 5,766,721</u>	<u>\$ 6,197,477</u>	<u>\$ 6,517,845</u>	<u>\$ 6,623,702</u>
Net (Expense)/Revenue										
Governmental activities	\$ (15,984,776)	\$ (17,406,681)	\$ (18,167,107)	\$ (21,890,253)	\$ (20,635,449)	\$ (22,024,001)	\$ (23,993,167)	\$ (23,362,592)	\$ (26,449,553)	\$ (27,796,630)
Business-type activities	9,545	30,425	5,677	42,841	65,644	109,054	38,908	(106,839)	(18,147)	(77,143)
Total district-wide net (expense)/ revenue	<u>\$ (15,975,231)</u>	<u>\$ (17,376,256)</u>	<u>\$ (18,161,430)</u>	<u>\$ (21,847,412)</u>	<u>\$ (20,569,805)</u>	<u>\$ (21,914,947)</u>	<u>\$ (23,954,259)</u>	<u>\$ (23,469,431)</u>	<u>\$ (26,467,700)</u>	<u>\$ (27,873,773)</u>

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

(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 9,401,560	\$ 9,979,959	\$ 9,986,751	\$ 13,204,758	\$ 13,566,885	\$ 13,804,809	\$ 13,804,809	\$ 14,053,915	\$ 14,332,953	\$ 14,834,606
Property taxes levied for debt service	1,251,937	1,241,884	1,230,839	1,155,039	1,156,464	1,037,781	1,003,113	951,985	971,895	951,325
State sources	6,291,664	6,545,839	6,547,882	6,742,727	7,023,008	7,671,764	8,618,571	8,346,221	11,520,005	12,967,642
Federal sources				964,809	70,455	187,480	32,788	28,789	28,046	48,118
Investment earnings	90,936	71,221	35,994	19,588	10,522	3,476	208	40	16	397
Miscellaneous income	118,532	104,911	17,852	267,944	47,590	115,753	166,091	129,048	231,048	380,684
Transfers					(33,481)					
Cancellation of prior year accounts receivable				(175,954)						
Total governmental activities	17,154,629	17,943,814	17,819,318	22,178,911	21,841,443	22,821,063	23,625,580	23,509,998	27,083,963	29,182,772
Business-type activities:										
Investment earnings	6,836	3,012	2,046	1,511	540	34				
Transfers					33,481					
Total business-type activities	6,836	3,012	2,046	1,511	34,021	34	-	-	-	-
Total district-wide	\$ 17,161,465	\$ 17,946,826	\$ 17,821,364	\$ 22,180,422	\$ 21,875,464	\$ 22,821,097	\$ 23,625,580	\$ 23,509,998	\$ 27,083,963	\$ 29,182,772
Change in Net Position										
Governmental activities	\$ 1,169,853	\$ 537,133	\$ (347,789)	\$ 288,658	\$ 1,205,994	\$ 797,062	\$ (367,587)	\$ 147,406	\$ 634,410	\$ 1,386,142
Business-type activities	16,381	33,437	7,723	44,352	99,665	109,088	38,908	(106,839)	(18,147)	(77,143)
Total district	\$ 1,186,234	\$ 570,570	\$ (340,066)	\$ 333,010	\$ 1,305,659	\$ 906,150	\$ (328,679)	\$ 40,567	\$ 616,263	\$ 1,308,999

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved										
Encumbrances	\$ 155,583	\$ 114,738		\$ 229,548						
Adult school										
Tuition reserve	450,000	250,000	\$ 250,000							
Capital reserve	987	415,027	607,148	609,315						
Maintenance reserve				500,000						
Legally restricted for tax relief										
Excess surplus-current year	624,316	510,854	215,917	139,652						
Excess surplus-prior year	249,281	624,316	510,854	215,917						
Unreserved										
Designated for subsequent years	519,340	275,292	499,521	434,174						
Undesignated (deficit)	215,017	222,852	(33,545)	(128,851)						
Restricted										
Excess surplus-prior year					\$ 139,652	\$ 460,140	\$ 390,277		\$ 295,379	\$ 590,090
Excess surplus-current year					460,140	390,277		\$ 295,379	590,090	592,727
Capital reserve					709,941	714,684	111,411	311,451	611,467	1,111,864
Maintenance reserve					440,270	440,270	134,070	334,070	634,070	1,134,070
Tuition reserve					300,000	300,000				
Assigned										
Designated for subsequent years					415,348	172,562	520,319	534,148	238,769	
Designated for subsequent years - SEMI									9,575	3,189
Other purposes					64,598	270,502			67,258	113,352
Unassigned					51,207			25,006	3,014	91,728
Total general fund	\$ 2,214,524	\$ 2,413,079	\$ 2,049,895	\$ 1,999,755	\$ 2,581,156	\$ 2,748,435	\$ 1,156,077	\$ 1,500,054	\$ 2,449,622	\$ 3,637,020
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital projects fund (deficit)	\$ 329,146	\$ 329,146	\$ 218,793							\$ 5,203,309
Debt service fund	2	2		\$ 1						179,588
Restricted										
Capital projects						\$ 2,047,718	\$ 189,961	\$ 184,961		
Debt service					\$ 1	33,291	33,291			
Total all other governmental funds	\$ 329,148	\$ 329,148	\$ 218,793	\$ 1	\$ -	\$ 2,081,009	\$ 223,252	\$ 184,961	\$ -	\$ 5,382,897
TOTAL FUND BALANCES	\$ 2,543,672	\$ 2,742,227	\$ 2,268,688	\$ 1,999,756	\$ 2,581,156	\$ 4,829,444	\$ 1,379,329	\$ 1,685,015	\$ 2,449,622	\$ 9,019,917

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 10,653,497	\$ 11,221,843	\$ 11,217,590	\$ 14,359,797	\$ 14,723,349	\$ 14,842,590	\$ 14,807,922	\$ 15,005,900	\$ 15,304,848	\$ 15,785,931
Tuition charges	7,158,656	6,806,025	7,271,245	3,906,064	4,686,085	4,192,661	4,121,660	4,653,700	4,940,108	4,564,508
Interest earnings	90,936	71,221	35,994	19,588	10,522	3,476	208	40	34	-
Miscellaneous	134,951	107,111	33,362	271,381	53,417	153,139	178,088	141,250	243,805	388,204
State sources	6,578,671	6,727,520	6,749,003	6,959,150	7,112,497	7,755,958	8,709,130	8,449,118	8,938,410	9,782,022
Federal sources	564,449	510,220	489,031	1,847,451	660,818	761,264	625,672	614,958	593,722	634,074
Total revenue	25,181,160	25,443,940	25,796,225	27,363,431	27,246,688	27,709,088	28,442,680	28,864,966	30,020,927	31,154,739
Expenditures										
Current										
Instruction	9,571,219	10,097,307	11,491,356	11,844,744	11,190,311	11,621,945	11,973,114	11,967,487	12,231,156	12,122,404
Undistributed - current										
Instruction	285,271	263,086	426,285	556,431	874,112	1,014,230	1,052,042	1,005,859	1,070,019	920,204
Health services	248,324	237,046	285,426	279,581	262,027	340,765	361,018	297,519	452,068	444,979
Support services	1,976,467	1,935,311	2,199,534	2,071,273	1,900,296	1,995,896	2,240,426	2,206,349	2,279,618	2,197,607
Improvement of instruction	365,982	418,729	383,442	402,949	277,678	317,642	319,706	443,815	342,396	416,565
School library	150,338	159,211	171,070	168,896	73,736	71,920	66,865	69,199	70,263	68,904
Instructional staff training	87,852	102,208	104,111	100,900	26,616	44,923	37,121	29,807	19,174	29,035
General administration	378,820	416,116	400,539	409,226	358,370	370,632	350,652	351,100	350,596	342,425
School administration	873,177	934,079	851,452	876,282	822,073	832,446	847,141	841,402	832,550	870,682
Support services										
Central services	377,050	383,875	427,982	456,939	409,177	497,646	435,944	429,958	423,924	414,433
Administrative information technology	108,564	113,138	156,386	172,483	180,827	180,261	188,159	210,738	245,002	222,045
Required maintenance of plant services	598,595	558,926	522,000	468,852	524,905	378,188	402,249	507,997	487,424	455,609
Operation of plant	1,641,601	1,788,205	1,985,867	1,682,635	1,928,999	1,714,747	1,769,791	1,714,734	1,802,140	1,751,338
Student transportation	450,226	448,233	634,074	876,800	860,500	847,579	939,768	864,983	979,594	861,321
Business and other support services and benefits	3,323,462	3,550,683	3,053,805	3,623,469	3,522,241	3,644,388	3,881,396	3,858,108	3,721,522	4,175,671
On-behalf TPAF social security and pension contrib.	2,071,330	2,123,784	1,598,936	1,612,726	1,684,285	1,999,187	2,504,286	2,182,011	2,568,209	2,919,960
Charter schools								29,988	30,204	40,847
Capital outlay	871,927	358,317	236,884	614,245	511,019	1,158,369	3,272,929	285,115	150,835	3,936,995
Debt service										
Principal	855,000	865,000	883,000	815,000	835,000	875,000	945,000	1,000,000	915,000	685,000
Interest and other charges	524,892	492,131	457,615	422,978	389,634	195,476	305,188	320,425	284,626	266,325
Cost of issuance					101,922	64,976				
Total expenditures	24,760,097	25,245,385	26,269,764	27,456,409	26,733,728	28,166,216	31,892,795	28,616,594	29,256,320	33,142,349
Excess (Deficit) of revenues over (under) expenditures	421,063	198,555	(473,539)	(92,978)	512,960	(457,128)	(3,450,115)	248,372	764,607	(1,987,610)
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)						
Bonds issued										8,223,000
Transfers in	2,614	1,482	281,045	42,972					184,961	
Transfers out	(2,614)	(1,482)	(281,045)	(42,972)	(33,481)				(184,961)	
Capital leases								57,314	-	334,905
Total other financing sources (uses)	-	-	-	(175,954)	68,441	2,705,415	-	57,314	-	8,557,905
Net change in fund balances	\$ 421,063	\$ 198,555	\$ (473,539)	\$ (268,932)	\$ 581,401	\$ 2,248,287	\$ (3,450,115)	\$ 305,686	\$ 764,607	\$ 6,570,295
Debt service as a percentage of noncapital expenditures	6%	5%	5%	5%	5%	4%	4%	5%	4%	3%

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
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
2015	16	4,940,108			231,048	5,171,172
2016	397	4,564,508			380,684	4,945,589

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
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
2015	741,621,214	763,687,429	1.63
2016	738,957,900	773,106,424	1.63

Helmetta Borough

Fiscal Year Ended June 30,	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
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
2015	186,972,599	204,530,949	1.62
2016	186,817,030	201,665,013	1.64

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	
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
2015	1.63	0.89	0.41	2.93
2016	1.63	0.88	0.39	2.90

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	
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
2015	1.62	0.66	0.43	2.71
2016	1.64	0.68	0.40	2.71

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

Taxpayer	2016		2007	
	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	1.27%	\$ 10,492,400	1.15%
Clearwater Village	9,533,700	1.24%	9,533,700	1.04%
Schweitzer-Mauduit	8,228,800	1.06%	17,747,200	1.94%
Inland Container	6,500,000	0.84%	7,380,000	0.81%
Gillette Enterprises	5,479,900	0.71%	5,479,900	0.60%
Renaissance Properties	5,300,000	0.69%	6,031,700	0.66%
Robert Maglies	4,471,300	0.58%	4,471,300	0.49%
KLIA Properties, LLC	2,943,500	0.38%	4,338,100	0.47%
Summerhill Corners Association	2,860,500	0.37%	3,638,100	0.40%
Bell Atlantic	1,724,600	0.22%	-	0.00%
Total	\$ 56,842,300	7.36%	\$ 69,112,400	7.56%

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

Taxpayer	2016		2007	
	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
Kaplan at Helmetta, LLC	1,233,000	0.66%	n/a	n/a
Buchan, William & Roseann	819,700	0.44%	n/a	n/a
Maglies, Robert	817,100	0.44%	n/a	n/a
Aggo LLC	816,300	0.44%	n/a	n/a
Bohinski, Loretta	641,400	0.34%	n/a	n/a
Bohinski, Charles & Sandra	568,600	0.30%	n/a	n/a
Tarantino, David	552,000	0.30%	n/a	n/a
Raczynski, Anthony & Barbara	541,200	0.29%	n/a	n/a
Federal National Bank	514,800	0.28%	n/a	n/a
Total	<u>\$ 7,926,700</u>	<u>4.24%</u>	<u>n/a</u>	<u>n/a</u>

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	
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
2015	12,286,898	12,286,898	100.00%	-
2016	12,730,478	12,730,478	100.00%	-

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	
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%	-
2015	3,017,950	3,017,950	100.00%	-
2016	3,055,453	3,055,453	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal	
	General Obligation Bonds	School Energy Savings Obligation Refunding Bonds	Obligations Under Capital Leases			Income ^a	Per Capita ^a
2007	\$ 12,103,000				\$ 12,103,000	0.38%	\$ 46,519
2008	11,238,000				11,238,000	0.43%	48,248
2009	10,355,000				10,355,000	0.25%	25,829
2010	9,540,000				9,540,000	0.49%	46,572
2011	8,850,000				8,850,000	0.55%	48,883
2012	7,975,000	\$ 2,630,000			10,605,000	0.47%	50,261
2013	7,185,000	2,475,000			9,660,000	0.52%	50,267
2014	6,390,000	2,270,000	\$ 45,290		8,705,290	n/a	n/a
2015	5,580,000	2,165,000	34,456		7,779,456	n/a	n/a
2016	13,233,000	2,050,000	358,208		15,641,208	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 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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	Bonded Debt	Deduction	Net General Bonded Debt Outstanding		
2007	\$ 12,103,000		\$ 12,103,000	0.02%	\$ 46,519
2008	11,238,000		11,238,000	0.01%	48,248
2009	10,355,000		10,355,000	0.01%	25,829
2010	9,540,000		9,540,000	0.01%	46,572
2011	8,850,000		8,850,000	0.01%	48,883
2012	10,605,000	\$ 2,630,000	7,975,000	0.01%	50,261
2013	9,660,000	2,475,000	7,185,000	0.01%	50,267
2014	8,705,290	2,270,000	6,435,290	0.01%	52,486
2015	7,745,000	2,165,000	5,580,000	0.01%	n/a
2016	15,283,000	2,050,000	13,233,000	0.02%	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.

Source:

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, 2016
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
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			<u>N/A</u>
Subtotal, overlapping debt			N/A
Spotswood Borough School District Direct Debt			<u>N/A</u>
Total direct and overlapping debt			<u><u>N/A</u></u>

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 2016

Equalized valuation basis

	2016	\$ 773,106,424
	2015	763,687,429
	2014	767,576,473
	[A]	<u>\$ 2,304,370,326</u>
	[A/3]	\$ 768,123,442
Debt limit (4 % of average equalization value)		
Net bonded school debt	[B]	30,724,938 ^a
Legal debt margin	[C]	<u>13,233,000</u>
	[B-C]	<u>\$ 17,491,938</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 24,754,086	\$ 34,470,388	\$ 36,952,291	\$ 37,149,120	\$ 36,261,984	\$ 35,080,422	\$ 31,562,388	\$ 30,687,483	\$ 30,504,703	\$ 30,724,938
Total net debt applicable to limit	<u>12,103,000</u>	<u>11,238,000</u>	<u>10,355,000</u>	<u>9,540,000</u>	<u>8,850,000</u>	<u>7,975,000</u>	<u>7,185,000</u>	<u>6,390,000</u>	<u>5,580,000</u>	<u>13,233,000</u>
Legal debt margin	<u>\$ 12,651,086</u>	<u>\$ 23,232,388</u>	<u>\$ 26,597,291</u>	<u>\$ 27,609,120</u>	<u>\$ 27,411,984</u>	<u>\$ 27,105,422</u>	<u>\$ 24,377,388</u>	<u>\$ 24,297,483</u>	<u>\$ 24,924,703</u>	<u>\$ 17,491,938</u>
Total net debt applicable to the limit as a percentage of debt limit	48.89%	32.60%	28.02%	25.68%	24.41%	22.73%	22.76%	20.82%	18.29%	43.07%

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 NJSIA 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 2016

Equalized valuation basis	
2016	\$ 201,665,013
2015	204,530,949
2014	<u>199,105,447</u>
[A]	<u>\$ 605,301,409</u>
[A/3]	\$ 201,767,136
[B] a	8,070,685 a
[C]	-
[B-C]	<u>\$ 8,070,685</u>

Debt limit (4 % of average equalization value)
Net bonded school debt
Legal debt margin

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 8,488,242	\$ 9,494,863	\$ 9,352,063	\$ 9,291,005	\$ 9,691,117	\$ 9,640,349	\$ 9,640,349	\$ 8,225,139	\$ 8,072,462	\$ 8,070,685
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 8,488,242</u>	<u>\$ 9,494,863</u>	<u>\$ 9,352,063</u>	<u>\$ 9,291,005</u>	<u>\$ 9,691,117</u>	<u>\$ 9,640,349</u>	<u>\$ 9,640,349</u>	<u>\$ 8,225,139</u>	<u>\$ 8,072,462</u>	<u>\$ 8,070,685</u>
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
2007	8,092	\$ 376,431,748	\$ 46,519	4.0%
2008	8,142	392,835,216	48,248	5.4%
2009	8,180	211,281,220	25,829	4.7%
2010	8,261	384,731,292	46,572	8.9%
2011	8,308	406,119,964	48,883	7.2%
2012	8,359	420,131,699	50,261	7.3%
2013	8,410	n/a	50,267	5.5%
2014	8,456	n/a	52,486	5.6%
2015	8,476	n/a	n/a	5.0%
2016	n/a	n/a	n/a	n/a

Helmetta Borough

Year	Population ^a	Personal Income ^d	Per Capita Personal Income ^b	Unemployment Rate ^c
2007	1,989	\$ 92,526,291	\$ 46,519	4.2%
2008	2,000	96,496,000	48,248	5.7%
2009	2,008	51,864,632	25,829	5.1%
2010	2,179	101,480,388	46,572	8.8%
2011	2,189	107,004,887	48,883	8.6%
2012	2,201	110,624,461	50,261	8.7%
2013	2,213	n/a	50,267	6.5%
2014	2,226	n/a	52,486	5.5%
2015	2,231	n/a	n/a	5.4%
2016	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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	113	122	125	123	128	132	136	131	133	118
Special education	27	28	22	22	22	22	23	26	24	28
Vocational	14	13	11	11	11	11	11	11	10	10
Other instruction	7	6	6	6	6	6	7	7	-	9
Support Services:										
Student & instruction related services	44	44	44	44	29	29	37	37	56	55
a General administrative services	2	2	2	2	11	13	11	11	9	10
School administrative services	14	14	14	14	10	10	10	10	10	16
Business administrative services	10	10	10	10	5	7	6	6	10	7
Plant operations and maintenance	23	22	22	22	23	33	23	23	22	22
Pupil transportation	1	1	1	1	1	1	1	2	4	4
Food Service										
Total	255	262	257	255	246	264	265	264	278	279

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	2007	2008	2009	2010*	2011*	2012*	2013*	2014*	2015*	2016*
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	1	1	1	-	-	-	-	-	-	-
a General administrative services	1	1	1	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Business administrative services	1	1	1	-	-	-	-	-	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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%
2015	1,762	27,905,859	15,838	4.84%	151	1,762	1,674	-1.44%	95.01%
2016	1,780	28,254,029	15,873	0.22%	165	1,780	1,692	1.05%	95.06%

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 district 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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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
2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016	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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>DISTRICT</u>										
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	445	443	443	459	427	427	423	459	457	448
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	248	236	236	255	228	270	276	258	258	244
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	331	343	343	330	338	364	354	317	314	323
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	748	745	745	772	743	726	755	738	731	763

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Spotswood High School	\$ 169,250	\$ 155,057	\$ 213,116	\$ 120,917	\$ 131,015	\$ 261,066	\$ 227,713	\$ 226,715	\$ 316,222	\$ 290,549
E. Raymond Appleby	107,159	114,842	115,896	105,003	95,567	94,016	120,718	96,258	97,365	177,550
G. Austin Schoenly	91,487	93,567	95,238	91,059	79,912	84,920	50,938	145,633	57,464	61,734
Memorial School	87,713	123,957	83,747	85,270	71,694	84,903	69,483	53,394	87,875	68,762
Grand Total	\$ 455,609	\$ 487,423	\$ 507,997	\$ 402,249	\$ 378,188	\$ 524,905	\$ 468,852	\$ 522,000	\$ 558,926	\$ 598,595

Source: District records of required maintenance; QAAR

Spotswood Borough School District
Insurance Schedule
Year Ended June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
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	63,836,844	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		
Debris 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 lightning, reported within 30 days		
EDP - Computer Virus	250,000	1,000

Spotswood Borough School District
Insurance Schedule
Year Ended June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Student Accident - NJSBAIG		
Basic/Sports/Football K-12	\$ 1,000,000	Per Accident
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

Single Audit Section

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2016.

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, LLP

November 22, 2016
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the Uniform Guidance
and New Jersey OMB Circular 15-08

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 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, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its 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 our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 of 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 above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

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 Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

November 22, 2016
Livingston, New Jersey

Spotswood Borough School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior years balances	(Accounts receivable) at June 30, 2016	Unearned Revenue at June 30, 2016	Due to Grantor at June 30, 2016
General Fund:													
U.S. Department of Health and Human Services - Passed Through State Department of Education													
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	7/1/15-6/30/16	\$ 44,929		\$ 40,068	\$ 44,929			\$ (4,861)		
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	7/1/15-6/30/16	3,189			3,189			(3,189)		
Total General Fund							40,068	48,118			(8,050)		
Special Revenue Fund:													
U.S. Department of Education: Passed Through State Department of Education: NCLB Consolidated Programs:													
Title I	84.010A	S010A150030	NCLB4970-15	7/1/15-6/30/16	135,245		129,902	135,245			(5,343)		
Title II, Part A	84.367	S367A150029	NCLB4970-14	7/1/14-6/30/15	13,587	\$ (800)	800						
Title II, Part A	84.367	S367A150029	NCLB4970-15	7/1/15-6/30/16	31,939		20,148	20,777			(629)		
Title III	84.365	S365A150030	NCLB4970-14	7/1/14-6/30/15	7,197	(2,601)	2,601						
IDEA, Preschool	84.173	S173A150114	IDEA497014C	7/1/14-6/30/15	1,547	(18,547)	18,547						
IDEA, Preschool	84.173	S173A150114	IDEA497015C	7/1/15-6/30/16	18,955		18,955	18,955					
IDEA, Part B	84.027	S027A150100	IDEA497014C	7/1/14-6/30/15	403,819	(20,826)	26,536	2,568					\$ 3,142
IDEA, Part B	84.027	S027A150100	IDEA497015C	7/1/15-6/30/16	410,797		400,543	408,411			(7,868)		
Race to the Top	84.413A	B413A120008	N/A	7/1/14-6/30/15	8,885	1,058	7,827		\$ (8,885)				
Total Special Revenue Fund						(41,716)	625,859	585,956	(8,885)	-	(13,840)	-	3,142
Enterprise Fund:													
U.S. Department of Agriculture: Passed Through State Department of Education:													
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/14-6/30/15	117,299	(8,863)	8,863						
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	121,072		98,349	121,072			(22,723)		
School Breakfast Program	10.533	16161NJ304N1099	N/A	7/1/14-6/30/15	3,382	(303)	303						
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	2,263		1,782	2,263			(481)		
Food Donation Program (NC)	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	14,893		31,635	31,635					
Total U.S. Department of Agriculture and Enterprise Fund						(9,166)	140,932	154,970			(23,204)		
Total Federal Awards						\$ (50,882)	\$ 806,859	\$ 789,044	\$ (8,885)	\$ -	\$ (45,094)	\$ -	\$ 3,142

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, 2016

State Grantor/ Pass-Through Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior years balances	Balance June 30, 2016			Memo		
										(Accounts receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivables	Cumulative Expenditures	
State Department of Education															
General Fund:															
Extraordinary Aid	495-034-5120-044	7/01/14 - 6/30/15	\$ 147,355	\$ (147,355)		\$ 147,355									
Additional Non Public Transportation Aid	Not available	7/01/14 - 6/30/15	6,518	(6,518)		6,518									
Equalization Aid	495-034-5120-078	7/01/15 - 6/30/16	5,037,971			4,540,496	\$ 5,037,971						\$ (497,475)	\$ 5,037,971	
Special Education Categorical Aid	495-034-5120-089	7/01/15 - 6/30/16	910,803			820,866	910,803						(89,937)	910,803	
Transportation Aid	495-034-5120-014	7/01/15 - 6/30/16	54,800			49,389	54,800						(5,411)	54,800	
Security Aid	495-034-5120-084	7/01/15 - 6/30/16	31,878			28,730	31,878						(3,148)	31,878	
Extraordinary Aid	495-034-5120-044	7/01/15 - 6/30/16	236,203				236,203			\$ (236,203)				236,203	
Under Adequacy aid	495-034-5120-083	7/01/15 - 6/30/16	6,761			6,093	6,761						(668)	6,761	
Per Pupil Growth Aid	495-034-5120-097	7/01/15 - 6/30/16	14,750			13,294	14,750						(1,456)	14,750	
PARCC Readiness Aid	495-034-5120-098	7/01/15 - 6/30/16	14,750			13,294	14,750						(1,456)	14,750	
Additional Non Public Transportation Aid	Not available	7/01/15 - 6/30/16	5,959				5,959				(5,959)			5,959	
On-Behalf TPAF Pension and Medical Contributions	495-034-5094-001/002/004	7/01/15 - 6/30/16	2,063,428			2,063,428	2,063,428							2,063,428	
Reimbursed TPAF - Social Security	495-034-5094-003	7/01/14 - 6/30/15	873,719	(48,400)		48,400									
Reimbursed TPAF - Social Security	495-034-5094-003	7/01/15 - 6/30/16	856,532			813,669	856,532				(42,863)			856,532	
Total General Fund				(202,273)		8,551,532	9,233,835				(285,025)		(599,551)	9,233,835	
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	7/01/14 - 6/30/15	14,597	727					\$ 727						
Textbook Aid	100-034-5120-064	7/01/15 - 6/30/16	11,306			11,306	10,965					\$ 341		10,965	
Nursing Services	100-034-5120-070	7/01/14 - 6/30/15	23,238	1,113						1,113					
Nursing Services	100-034-5120-070	7/01/15 - 6/30/16	17,820			17,820	16,970					850		16,970	
Technology Services	100-034-5120-373	7/01/14 - 6/30/15	7,840	512						512				-	
Technology Services	100-034-5120-373	7/01/15 - 6/30/16	5,148			5,148	5,037					111		5,037	
Security		7/01/15 - 6/30/16	4,950			4,950	4,614					336		4,614	
Non-Public Handicapped Services:															
Examination and Classification	100-034-5120-066	7/01/14 - 6/30/15	13,865	5,038						5,038					
Corrective Speech		7/01/14 - 6/30/15	19,437	9,718						9,718					
Examination and Classification		7/01/15 - 6/30/16	16,020			16,020	13,289					2,731		13,289	
Supplemental Instruction		7/01/15 - 6/30/16	8,911			8,911	5,942					2,969		5,942	
Corrective Speech		7/01/15 - 6/30/16	12,541			12,541	7,525					5,016		7,525	
Non-Public Auxiliary Services:															
Basic Skills/Comp Educ	100-034-5120-067	7/01/14 - 6/30/15	18,812	5,508						5,508					
Basic Skills/Comp Educ		7/01/15 - 6/30/16	19,459			19,459	14,383					5,076		14,383	
Transportation		7/01/15 - 6/30/16	4,181			4,181	4,181							4,181	
Total Special Revenue Fund				23,924		100,336	82,906			22,616		1,308	17,430	82,906	
Capital Projects Fund:															
NJ Schools Development Authority	Various	7/01/15 - completion	1,120,475				464,231				(464,231)			464,231	
Total Capital Projects Fund							464,231				(464,231)			464,231	
State Department of Agriculture															
Enterprise Funds:															
National School Lunch Program (State Share)	100-010-3350-023	7/01/14 - 6/30/15	4,553	(343)		343									
National School Lunch Program (State Share)	100-010-3350-023	7/01/15 - 6/30/16	4,681			3,830	4,681				(851)			4,681	
Total Enterprise Fund				(343)		4,173	4,681				(851)			4,681	
Total State Financial Assistance				\$ (178,692)	\$ -	\$ 8,656,041	\$ 9,785,653	\$ -	\$ 22,616	\$ (750,107)	\$ 1,308	\$ 17,430	\$ (599,551)	\$ 9,785,653	
State Financial Assistance Not Subject to															
Single Audit Determination:															
On-Behalf TPAF Pension and Medical Contributions	495-034-5095-001/002/004	7/01/14 - 6/30/15	1,694,490			\$ 2,063,428	\$ 2,063,428							\$ 2,063,428	
Total State Financial Assistance Subject to															
Single Audit Determination				\$ (178,692)	\$ -	\$ 6,592,613	\$ 7,722,225	\$ -	\$ 22,616	\$ (750,107)	\$ 1,308	\$ 17,430	\$ (599,551)	\$ 7,722,225	

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, 2016

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 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules 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, 2016

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 \$1,050 for the general 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. For the special revenue fund, there were no encumbrances recognized as expenditures on the budgetary basis, therefore there was no adjustment necessary to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable for the special revenue fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,118	\$ 9,234,885	\$ 9,283,003
Special Revenue Fund	585,956	82,906	668,862
Capital Projects Fund		464,231	464,231
Enterprise Food Service Fund	154,970	4,681	159,651
Total financial award revenues	<u>\$ 789,044</u>	<u>\$ 9,786,703</u>	<u>\$ 10,575,747</u>

Spotswood Borough School District

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

Year ended June 30, 2016

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, 2016.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2016 amounted to \$2,063,428. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08. However they are required to be reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

Spotswood Borough School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part I – Summary of Auditors Results

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Is any noncompliance material to financial statements noted? Yes X No

Federal Awards Section

Internal control over major federal programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	S027A150100	IDEA Part B, Basic
84.173	S173A150114	IDEA Part B, Preschool Cluster

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

Auditee qualified as low-risk auditee? X Yes No

Spotswood Borough School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part I – Summary of Auditors Results

State Awards Section

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major state programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-078	Equalization Aid
495-034-5120-083	Educational Adequacy Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

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

Auditee qualified as low-risk auditee? X Yes _____ No

Spotswood Borough School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part II –Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Spotswood Borough School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

**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 and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

Federal Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

State Award Programs

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey State OMB Circular 15-08.

Spotswood Borough School District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2016

Not applicable.