

Comprehensive Annual Financial Report

of the

Spotswood Borough School District

County of Middlesex

Spotswood, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Spotswood Borough, Board of Education
Finance Department**

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1-6
Roster of Officials	7
Consultants and Advisors	8
Organizational Chart	9
FINANCIAL SECTION	
Independent Auditor's Report	10-12
REQUIRED SUPPLEMENTARY INFORMATION - Part I	13
Management's Discussion and Analysis (Unaudited)	14-24
BASIC FINANCIAL STATEMENTS	25
A. District-Wide Financial Statements	26
A-1 Statement of Net Position	27
A-2 Statement of Activities	28
B. Major Fund Financial Statements	29
Governmental Funds:	
B-1 Balance Sheet	30-31
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	32
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Other Funds:	34
Propriety Funds:	
B-4 Statement of Net Position	35
B-5 Statement of Revenues, Expenses, and Changes in Net Position	36
B-6 Statement of Cash Flows	37
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	38
B-8 Statement of Changes in Fiduciary Net Position	39
Notes to the Financial Statements	40-82

TABLE OF CONTENTS (CONTINUED)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION - PART II	83
C. Budgetary Comparison Schedules	84
C-1 General Fund	85-95
C-1a General Fund - Education Jobs Fund	N/A
C-2 Special Revenue Fund	96
C-3 Budget to GAAP Reconciliation	97
REQUIRED SUPPLEMENTARY INFORMATION – Part III	98
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	99
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years	100
L-2 Schedule of the District’s Contributions – Public Employees Retirement System – Last Ten Years	101
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund – Last Ten Years	102
L-4 Schedules Related to Accounting and Reporting for Pension (GASB 68) Note to RSI III for the Fiscal Year Ended June 30, 2017	103
OTHER SUPPLEMENTARY INFORMATION	104
D. School Level Schedules	N/A
E. Special Revenue Fund	105
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	106-108
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	109
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	110
F-1a Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Telecommunications System – G. Austin Schoenly Elementary School	111
F-1b Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Telecommunications System – Raymond B. Appleby Elementary School	112

TABLE OF CONTENTS (CONTINUED)

	PAGE
F. Capital Projects Fund (Continued)	
F-1c Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Telecommunications System – Spotswood Memorial Middle School	113
F-1d Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Telecommunications System – Spotswood High School	114
F-1e Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – HVAC/Server Room Spotswood High School	115
F-1f Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Roof Replacement – High School	116
F-1g Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	117
F-1h Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – School Improvements	118
F-1i Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Security Cameras – and Server Upgrades	119
F-1j Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Bleachers and Pressbox Replacement	120
F-1k Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis – Fire Alarm Upgrades	121
F-2 Summary Statement of Project Expenditures - Budgetary Basis	122
 G. Proprietary Funds	 123
Enterprise Fund:	
G-1 Combining Statement of Net Position	124
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	125
G-3 Combining Statement of Cash Flows	126
 H. Fiduciary Fund	 127
H-1 Combining Statement of Fiduciary Net Position	128
H-2 Combining Statement of Changes in Fiduciary Net Position	129
H-3 Schedule of Receipts and Disbursements - Student Activity Fund	130
H-4 Schedule of Receipts and Disbursements - Payroll Agency Fund	131
H-5 Schedule of Receipt and Disbursements - Other Agency Funds	N/A
 I. Long-Term Liabilities	 132
I-1 Schedule of Serial Bonds	133
I-2 Schedule of Obligations Under Capital Leases	134
I-3 Budgetary Comparison Schedule	135

TABLE OF CONTENTS (CONTINUED)

PAGE

STATISTICAL SECTION - UNAUDITED

J-1	Net Position by Component	136
J-2	Changes in Net Position	137-138
J-3	Fund Balances – Governmental Funds	139
J-4	Changes in Fund Balances – Governmental Funds	140
J-5	General Fund Other Local Revenue by Source	141
J-6	Assessed Value and Actual Value of Taxable Property	142-143
J-7	Direct and Overlapping Property Tax Rates	144-145
J-8	Principal Property Tax Payers – Current Year and Nine Years Ago	146-147
J-9	Property Tax Levies and Collections	148
J-10	Ratios of Outstanding Debt by Type	149
J-11	Ratios of Net Bonded Debt Outstanding	150
J-12	Direct and Overlapping Governmental Activities Debt	151
J-13	Legal Debt Margin Information	152-153
J-14	Demographic and Economic Statistics	154
J-15	Principal Employers – Current Year and Nine Years Ago	155
J-16	Full-Time Equivalent District Employees by Function/Program	156
J-17	Operating Statistics	157-158
J-18	School Building Information	159
J-19	Schedule of Required Maintenance	160
J-20	Insurance Schedule	161-162

SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	163-164
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Financial Assistance Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular 15-08	165-166
K-3	Schedule of Expenditures of Federal Awards, Schedule A	167
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	168-169
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	170-171
K-6	Schedule of Findings and Questioned Costs	172-173
K-7	Schedule of Prior Audit Findings	174

INTRODUCTORY SECTION



Spotswood Board of Education

ADMINISTRATIVE OFFICES
105 SUMMERHILL ROAD
SPOTSWOOD, NEW JERSEY 08884

732-723-2200 • FAX: 732-251-7666
WWW.SPSD.US



Graham Peabody, Acting Superintendent
E-MAIL: GPEABODY@SPSD.US

*Vita Marino, Business Administrator/
Board Secretary*
E-MAIL: VMARINO@SPSD.US

October 24, 2017

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, 2017, 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, 2017 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a listing of consultants, independent auditor and advisors, and roster of officials. The financial section includes Management's Discussion and Analysis (immediately following the report of independent auditors), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual Single Audit in conformity with the provisions of the Division of Finance, Department of Education, State of NJ, the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this Single Audit, including the

auditors' report on internal control over compliance and on compliance with applicable laws and regulations, if applicable, are included in the Single Audit section of this report.

1. Reporting Entity and its Services

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

The District provides a full range of educational services appropriate to grade levels Preschool through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 1,748 students, which is approximately a 1.79% 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.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2017	1,748	(1.79)
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 2017/2018 school year will be as follows:

- **Strategic Planning**

The 2017-2018 school year will see much effort from the district regarding the assessment of our progress. This assessment will begin with the strategic planning process. Providing the foundation for all work moving forward, the strategic plan will provide clarity, direction, and focus for our district by addressing our mission (What is our purpose?), our vision (What do we want to achieve?), and our goals (How are we going to get there?). In this way, the strategic plan will define what we intend to achieve when it comes to understanding and defining what student success looks like within the district. This process will also better ensure that all stakeholders - including students, staff, parents, and community members - understand and are striving towards the same goals.

- **Assessment/Audit - Curriculum and Instruction**

Connected to our strategic plan, the district will also work towards and contract for an independent audit of our curriculum to ensure fidelity of program and identify areas of improvement. While all subjects are aligned to appropriate curriculum standards, ensuring that the written, taught, and tested curriculum reflects best practices is vital to student success.

- **Assessment/Audit - Special Education**

Similarly, the district will also work towards ensuring fidelity of program regarding our Special Education services. In early 2017, monitors from the State came to the Spotswood School District to conduct an audit that resulted in 13 findings. Remediation of these findings and the development of an effective process moving forward are a priority. To this end, staff have been, and will continue to be, trained on proper procedures and task sheets have been created to ensure internal coordination and external accountability.

- **Staff Development/Reflective Practice**

To be successful, the development and renewal of staff preparation is paramount. Believing that learning is the foundation of individual and organizational improvement and that learning requires reflection, we strive 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 facilitate this desire, three tiers have been created. They include Tier 1 Programming - Development for staff new to the district (Summer Orientation, Teacher 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), and Tier 3 Programming - Renewal for administration/future educational leaders (Leadership Team, Leadership Seminar, Administrator Induction, Mentor Administrator Cohort, Principal "Walk and Talks").

- **Facility Upgrades**

Ensuring that our educational community has the appropriate space to develop and grow, the district passed a \$1.7 million referendum in September of 2017 and immediately went to work on assuring those improvements to our facilities were started. Specifically, the projects included Safety and Security Improvements to our Middle School, HVAC upgrades in our Elementary School, and a generator in both our Elementary and High School. The district took advantage of debt service aide reducing the taxpayers' share of the projects to approximately 60%.

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, 2017.

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, 2017, the District's outstanding debt issues included \$14,578,000 of bonds. During the 2016 fiscal year, the District was notified by Standard & Poor's Ratings Services that its bond rating was A+. The legal debt margin and the debt per capita can be found in the Statistical section, schedules J-13 and J-11, respectively.

10. Cash Management

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

11. Risk Management

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

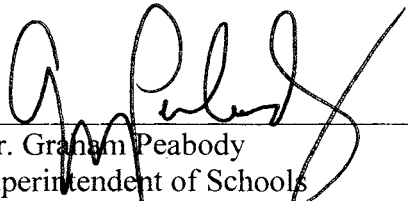
12. Other Information

Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The independent accounting firm of Suplee, Clooney & Company was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related 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.

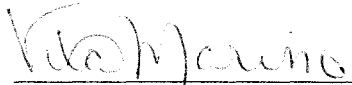
13. Acknowledgments

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,



Mr. Graham Peabody
Superintendent of Schools



Mrs. Vita Marino
School Business Administrator
Board Secretary

SPOTSWOOD BOROUGH SCHOOL DISTRICT

SPOTSWOOD, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education

Term Expires

Dulce Branco-Rivera, President

2018

William Smith, Vice President

2019

Bertrand Louis

2017

William J. Loschiavo

2019

Mariellen Chasan

2018

Dawn Millburn (Milltown Representative)

Other Officials

Mr. Graham Peabody, Acting Superintendent of Schools

Vita Marino, School Business Administrator/Board Secretary

Brian Delucia, Treasurer of School Monies

SPOTSWOOD BOROUGH SCHOOL DISTRICT

SPOTSWOOD, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2017

Auditor/Audit Firm

Suplee, Clooney and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

David B. Rubin, Esquire
44 Bridge Street
P.O. Box 4579
Metuchen, New Jersey 08840

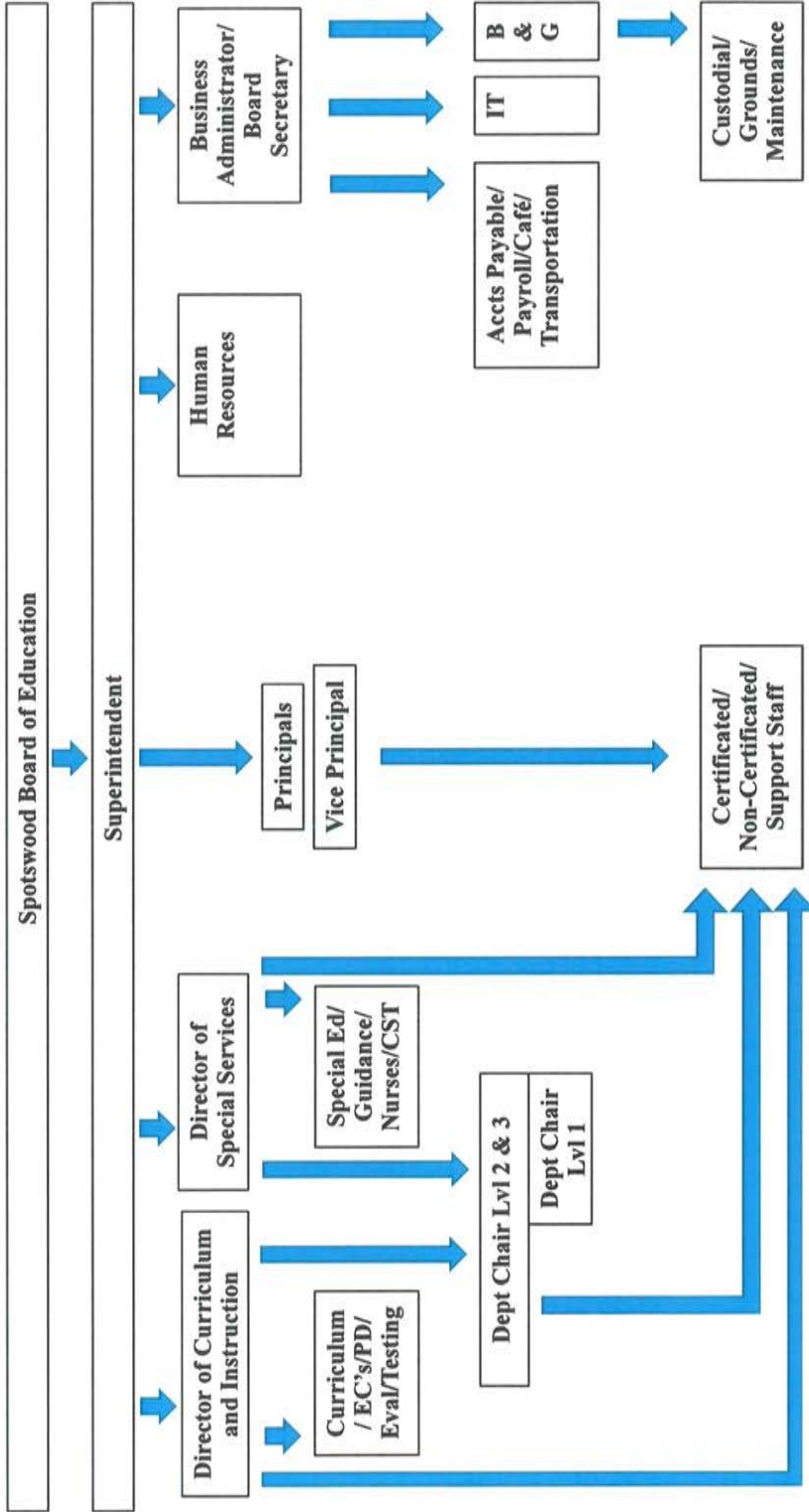
Official Depository

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Spotswood Borough School District
County of Middlesex
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 as of and for the year ended June 30, 2017, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spotswood Borough School District, County of Middlesex, New Jersey as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 and the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Spotswood Borough School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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


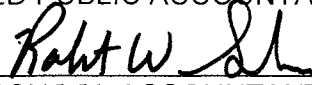
Prior Period Financial Statements

The financial statements of the Spotswood Borough School District for the year ended June 30, 2016 were audited by other auditors whose report, dated November 22, 2016, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2017 on our consideration of the Spotswood Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Spotswood Borough School District's internal control over financial reporting and compliance.

October 24, 2017


CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of Spotswood Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

In the District Wide Statements:

- ◆ In total, net position increased \$1,997,360 which represents a 3.47 percent increase from 2016.
- ◆ General revenues accounted for \$22,708,994 in revenue or 59 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,419,812 or 41 percent of total revenues of \$38,128,807.
- ◆ The School District had \$36,130,946 in expenses; \$15,419,812 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$22,708,994 were adequate to provide for these programs.

In the Fund Financial Statements:

- ◆ The General Fund had \$29,480,604 in revenues and \$27,409,977 in expenditures.
- ◆ Overall the General Fund's fund balance increased \$2,070,627. from 2016.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains most of the funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those activities. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Children's After School Recreation and Enrichment Program, and Science, Technology, Engineering, Art & Design and Mathematics Camp (STEAM) enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2017. In accordance with GASB Statement 34, net position comparisons to fiscal year 2016 are presented.

**TABLE 1
NET POSITION**

	2017			2016		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
ASSETS						
Current & Other Assets	\$7,645,872	\$400,424	\$8,046,296	\$9,233,533	\$384,042	\$9,617,575
Capital Assets	24,498,215	75,276	24,573,491	21,168,594	5,712	21,174,306
TOTAL ASSETS	32,144,087	475,700	32,619,787	30,402,127	389,754	30,791,881
DEFERRED OUTFLOWS OF RESOURCES:						
Loss on Refunding of Long Term Debt	160,255		160,255	183,149		183,149
Pension Related	2,867,552		2,867,552	1,292,888		1,292,888
TOTAL DEFERRED OUTFLOWS	3,027,807		3,027,807	1,476,037		1,476,037
LIABILITIES						
Long-Term Liabilities	24,288,016		24,288,016	23,386,402		23,386,402
Other Liabilities	2,221,209	85,872	2,307,081	1,741,363	77,606	1,818,969
TOTAL LIABILITIES	26,509,225	85,872	26,595,097	25,127,765	77,606	25,205,371
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	346,646		346,646	354,587		354,587
NET POSITION						
Net investment in capital assets	10,921,358	75,276	10,996,635	10,248,069	5,712	10,253,781
Restricted	4,775,510		4,775,510	3,883,006		3,883,006
Unrestricted:						
Pension related (deficit)	(7,526,010)		(7,526,010)	(6,975,993)		(6,975,993)
Other (deficit)	145,165	314,552	459,717	(759,270)	306,436	(452,834)
TOTAL NET POSITION	\$8,316,023	\$389,828	\$8,705,851	\$6,395,812	\$312,148	\$6,707,960

The District's combined net position were \$8,705,491 on June 30, 2017.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

Table 2 shows changes in net assets for fiscal year 2017. In accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2016 is presented to comparatively analyze district-wide data.

**TABLE 2
CHANGES IN NET POSITION**

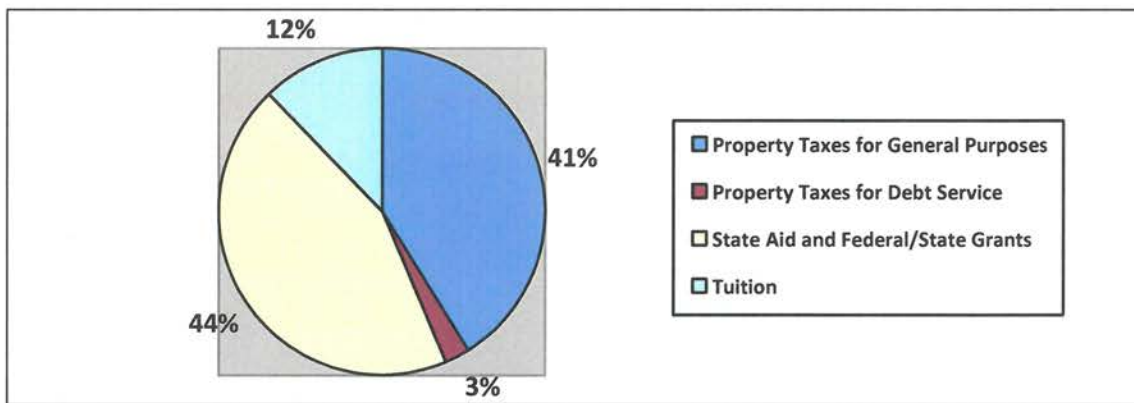
	2017			2016		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Revenues:						
Program Revenues:						
Operating Grants & Contributions	\$9,562,293	\$138,649	\$9,700,941	\$675,985	\$159,651	\$835,636
Charges for Services	4,563,401	681,513	5,244,914	4,564,508	759,327	5,323,835
Capital Grants and Contributions	473,957		473,957	464,231		464,231
General Revenues						
Property Taxes	16,232,413		16,232,413	15,785,931		15,785,931
Grants (includes State Aid) and Entitlements	6,312,041		6,312,041	13,015,760		13,015,760
Other Revenues	72,533	92,008	164,541	381,081		381,081
Transfers						
Disposal of Capital Assets						
	37,216,637	912,170	38,128,807	34,887,496	918,978	35,806,474
Expenses:						
Instruction	23,639,518		23,639,518	21,013,902		21,013,902
Pupils and Instructional Staff	4,346,185		4,346,185	4,904,049		4,904,049
General & School Adm, Central Serv & Adm Technology	3,057,599		3,057,599	2,951,802		2,951,802
Maintenance	2,768,742		2,768,742	3,208,775		3,208,775
Transportation	934,100		934,100	1,043,792		1,043,792
Interest on Long-Term Debt	510,094		510,094	338,187		338,187
Other	40,187		40,187	40,847		40,847
Business-Type		834,521	834,521		996,121	996,121
Total Expenses	35,296,425	834,521	36,130,946	33,501,354	996,121	34,497,475
Change in Net Position	1,920,212	77,649	1,997,861	1,386,142	(77,143)	1,308,999
Net Position July 1,	6,395,811	312,179	6,707,991	5,009,670	389,291	5,398,961
Net Position June 30,	8,316,023	389,828	8,705,851	6,395,812	312,148	6,707,960

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
 SPOTSWOOD, NEW JERSEY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED (Continued)**

Governmental Activities

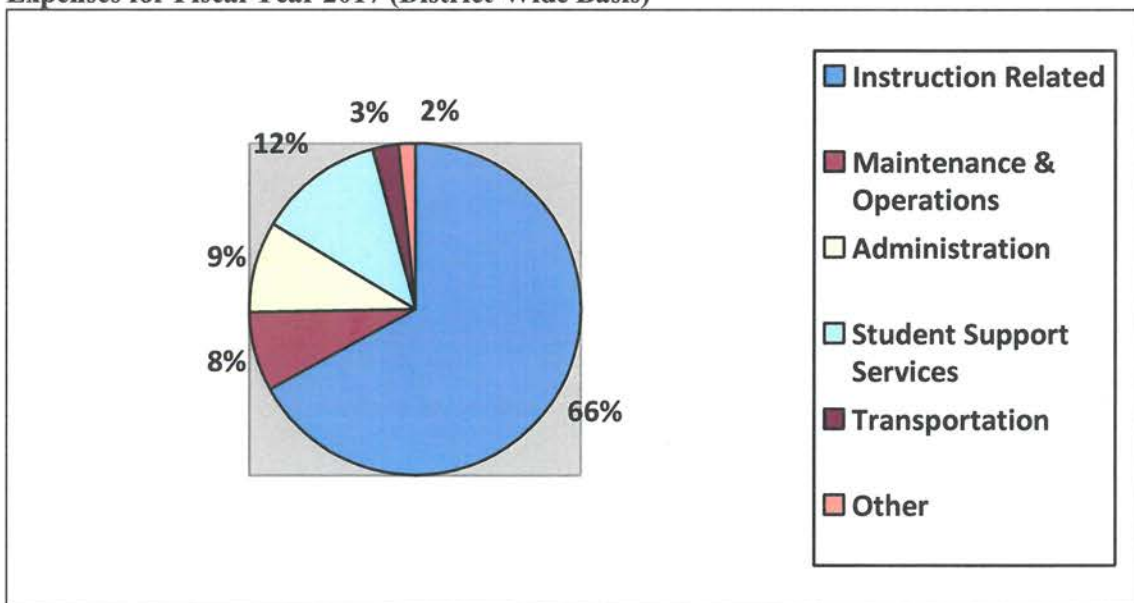
As shown in Table 2 the District's total revenue from Governmental Activities was \$37,216,637 Property taxes made up 41 percent of these revenues. Federal, state, and local grants and state aid accounted for 44 percent of revenue and Tuition accounted for another 12%

Sources of Revenue for Fiscal Year 2017 (District-Wide Basis)



Also on Table 2, the total cost of Governmental programs and services was \$35,296,425. Direct instruction comprises 66 percent of District expenses.

Expenses for Fiscal Year 2017 (District-Wide Basis)



**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

Business-Type Activities

Revenues for the District's business-type activities (food service, CARES program, and STEAM program) were comprised of charges for services and federal and state reimbursements.

- ◆ Business Type revenues exceeded expenses by \$77,648
- ◆ Charges for services represent \$681,513 of revenue. This represents amounts paid by patrons for the various program services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches, and donated commodities was \$138,649

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The total costs include compensating absences, unallocated benefits, and depreciation and is reduced by grants and specific state aid. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. In accordance with GASB Statement 34, a comparison to fiscal year 2016 is presented.

**TABLE 3
NET COST OF SERVICES**

	Total Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2017</u>	Net Cost of Services <u>2016</u>
Instruction	23,639,518	\$21,013,902	\$10,804,481	\$15,922,868
Pupils and Instructional Staff	4,346,185	4,904,049	3,982,617	4,759,737
Gen. & School Adm, Central				
Serv & Adm Technology	3,057,599	2,951,802	2,212,744	2,951,802
Maintenance	2,768,742	3,208,775	2,294,785	2,739,397
Transportation	934,100	1,043,792	870,662	988,992
Interest on Long-Term Debt	510,094	338,187	491,300	338,187
Business-Type	834,521	996,121	14,359	77,143
Other	40,187	40,847	40,187	40,847
Total Expenses	<u>\$36,130,946</u>	<u>\$34,497,475</u>	<u>\$20,711,134</u>	<u>\$27,818,973</u>

Instruction expenses include the activities involving the interaction between teachers and students in a school classroom, another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities.

Support Services includes expenses for pupils and instructional staff providing administrative, technical, and logistical support to facilitate and enhance instruction. This area includes Attendance and Social Work Services, Health Services, Child Study Team Services, Curriculum Development, Staff Training, and School Library Services.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

School Administration, General Administration, Central Service & Administrative Technology includes expenses associated with administrative responsibility for the schools: Supervision of the schools, evaluation of school staff members, fiscal services, human resources, strategic planning, purchasing, payroll, and management of the district's information technology system.

Operation and Maintenance of Facilities involve keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.

Pupil Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by Federal and State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

Business Type Activities involves the transactions associated with the operation of the Food Service, CARES program and STEAM program.

Other includes charter school contributions and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$32,863,901 and expenditures were \$34,688,607. The net negative change in fund balance for the year was \$1,824,706. This was largely the result of the expenditure of funds for the District's Capital Projects.

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 schedules present a summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

REVENUES (FUND-BASED FINANCIAL STATEMENTS):

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/Decrease from 2016</u>	<u>Percentage Change</u>
Local Sources	\$20,888,723	67.20%	\$150,080	0.72%
State Sources	9,586,931	30.84%	269,140	2.89%
Federal Sources	606,507	1.95%	(27,567)	-4.35%
	<u>\$31,082,161</u>	<u>99.99%</u>	<u>\$391,653</u>	<u>1.28%</u>

The increase in State Sources is due largely to an increase in the States contribution for On-behalf pensions and post-retirement contributions.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

EXPENDITURES (FUND BASED FINANCIAL STATEMENTS)

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/(Decrease) from 2016</u>	<u>Percentage Change</u>
Current Expense:				
Instruction	\$12,005,666	41.38%	(\$116,738)	-0.96%
Undistributed	15,655,493	53.97%	(476,132)	-2.95%
Capital Outlay	175,300	0.60%	(277,773)	-61.31%
Debt Service:				
Principal	705,000	2.43%	20,000	2.92%
Interest	470,075	1.62%	203,750	76.50%
Total	<u><u>\$29,011,534</u></u>	<u><u>100.00%</u></u>	<u><u>(\$646,893)</u></u>	<u><u>-2.18%</u></u>

Changes in expenditures were the results of varying factors. The decrease in Capital Outlay is the result of the completion of certain capital projects.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget as needed. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ◆ The District received \$146,387 in extraordinary aid, which is state aid for special education students whose individual program cost exceeds program guidelines; this was \$46,387 more than anticipated. There was no guarantee from the Department of Education that these funds would be available.
- ◆ TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements. This number is reflective of the amount of money the New Jersey Department of Education pays on-behalf of certified staff for pension and FICA purposes. Salaries of regular instruction continue to increase in proportion with negotiated contracts.
- ◆ The District's philosophy is to include special education students in regular academic classes whenever possible but with additional services. Students who may have been originally scheduled for Resource Room classes were scheduled for Inclusion classes. This necessitates the cost for additional instructional aides and teachers to accommodate resource students.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

Capital Assets

At the end of the fiscal year 2017, the School District had \$24,498,215 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	<u>2017</u>	<u>2016</u>
Land	\$197,617	\$197,617
Construction in Progress	4,936,889	3,483,922
Site Improvements	1,071,390	275,474
Building and Building Improvements	17,320,841	16,419,781
Machinery and Equipment	971,478	791,799.66
Total	<u>\$24,498,215</u>	<u>\$21,168,594</u>

Overall capital assets increased \$3,329,621 from fiscal year 2016 to fiscal year 2017. The increase in capital assets is due primarily to construction in progress from on-going capital projects of the District in FY2016. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2017, the School District had \$25,589,845 of outstanding debt. Of this amount, \$791,490. is for compensated absences; \$279,429 for various capital leases; \$14,578,000 of serial bonds; \$188,018 in unamortized bond premium and \$9,752,908 in net pension liability.

Table 5 illustrates the balances of the District's various bonds issues outstanding at June 30, 2017 and June 30, 2016.

**Table 5
Outstanding Debt at June 30,**

	2017	2016
2007 Refunding Bonds	\$4,430,000	5,010,000
2012 School Energy Savings Refunding Bonds	1,925,000	2,050,000
2016 School Bonds	8,223,000	8,223,000
Total	<u>\$14,578,000</u>	<u>\$15,283,000</u>

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED (Continued)**

For the Future

The Spotswood Borough School District is in good financial condition presently. The School District is proud of its community support of the public schools. During the 2016-2017 school year, the state slightly increased state aid. There is uncertainty regarding the method and amount of funding the states portion of educational aid in the future. The Board and Administration continue to find creative means to fill the gap between funding, and the cost to provide education to Spotswood's students.

In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future. In conclusion, the Spotswood Borough School District has committed itself to financial excellence for many years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Vita Marino, Business Administrator/Board Secretary at Spotswood Borough Board of Education, Administration Building, 105 Summerhill Road., Spotswood, NJ 08884. Please visit our website at www.spotswood.k12.nj.us.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2017

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash and cash equivalents	\$3,213,498.54	\$325,577.42	\$3,539,075.96
Receivables, net	1,185,918.87	70,958.72	1,256,877.59
Inventory		3,887.87	3,887.87
Restricted assets:			
Restricted cash and cash equivalents	3,246,454.53		3,246,454.53
Capital assets:			
Land and Construction in progress	5,134,506.26		5,134,506.26
Other Capital Assets net of depreciation	19,363,708.94	75,276.26	19,438,985.20
Total Assets	<u>32,144,087.14</u>	<u>475,700.27</u>	<u>32,619,787.41</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Premium and Loss on Refunding of Long Term Debt	160,255.00		160,255.00
Pension Related	<u>2,867,552.00</u>		<u>2,867,552.00</u>
Total Deferred Outflow of Resources	3,027,807.00		3,027,807.00
LIABILITIES:			
Cash Deficit		421.09	421.09
Accounts payable	658,804.35	5,845.96	664,650.31
Payable to state government	11,938.00		11,938.00
Unearned revenue	73,567.64	79,605.18	153,172.82
Accrued Interest Payable	175,069.80		175,069.80
Noncurrent liabilities:			
Due within one year:			
Compensated absences payable	171,635.91		171,635.91
Bonds and capital leases payable	1,130,192.84		1,130,192.84
Due beyond one year:			
Net Pension Liability	9,752,908.00		9,752,908.00
Compensated absences payable	619,854.17		619,854.17
Bonds and capital leases payable	<u>13,915,254.05</u>		<u>13,915,254.05</u>
Total liabilities	<u>26,509,224.76</u>	<u>85,872.23</u>	<u>26,595,096.99</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	<u>346,646.00</u>		<u>346,646.00</u>
NET POSITION:			
Net investment in capital assets	10,921,358.50	75,276.26	10,996,634.76
Restricted for:			
Debt service fund	4,518.17		4,518.17
Other purposes	4,770,991.56		4,770,991.56
Unrestricted (deficit)	<u>(7,380,844.85)</u>	<u>314,551.78</u>	<u>(7,066,293.07)</u>
Total net position	<u>\$8,316,023.38</u>	<u>\$389,828.04</u>	<u>\$8,705,851.42</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2017

Functions/Programs	Expenses	Indirect Cost Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 9,048,109.94	\$ 8,815,622.37	\$ 4,563,400.60	\$ 6,008,684.89	\$ (7,291,646.82)	\$ (7,291,646.82)
Special	2,232,843.02	2,197,777.03		1,801,018.22	(2,629,601.83)	(2,629,601.83)
Other instruction	724,713.09	620,452.89		461,933.72	(883,232.26)	(883,232.26)
Support services:						
Tuition	625,894.76	(625,894.76)				
Student and instruction related services	2,829,189.07	1,516,995.84		775,748.50	(3,570,436.41)	(3,570,436.41)
General administrative services	366,658.43	45,521.98			(412,180.41)	(412,180.41)
School administrative services	899,442.13	796,270.65		432,674.97	(1,263,037.81)	(1,263,037.81)
Central services/Admin information technology	719,241.71	230,464.03			(949,705.74)	(949,705.74)
Plant operations and maintenance	2,099,638.97	669,102.64			(2,294,784.77)	(2,294,784.77)
Pupil transportation	817,779.12	116,320.65		63,438.00	(870,661.77)	(870,661.77)
Unallocated benefits	13,389,218.87	(13,389,218.87)				
Transfer to Charter Schools	40,187.00				(40,187.00)	(40,187.00)
Interest on Long-Term Debt	510,084.30			18,794.40	(491,299.90)	(491,299.90)
Unallocated Compensated Absence	(173,450.91)	173,450.91				
Unallocated depreciation	1,166,865.36	(1,166,865.36)				
Total governmental activities	35,296,424.86		4,563,400.60	9,562,292.70	(20,696,774.72)	(20,696,774.72)
Business-type activities						
CARES	321,696.73		386,623.25		64,926.52	64,926.52
Non-Major Programs	512,824.54		294,889.86	138,648.67	(79,286.01)	(79,286.01)
Total business-type activities	834,521.27		681,513.11	138,648.67	(14,359.49)	(14,359.49)
Total primary government	\$ 36,130,946.13	\$	5,244,913.71	9,700,941.37	(20,696,774.72)	(20,711,134.21)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 15,291,612.00	\$ 15,291,612.00
Taxes levied for debt service					940,801.00	940,801.00
Federal and state aid not restricted					5,809,892.71	5,809,892.71
Federal and state aid restricted					502,148.44	502,148.44
Miscellaneous income					72,532.58	72,532.58
Total general revenues and special items					22,616,986.73	22,616,986.73
Change in Net Position					1,920,212.01	1,997,860.77
Net Position - beginning					6,395,811.37	6,707,990.65
Net Position ending					8,316,023.38	8,705,851.42

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 5,527,391.53	\$ 69,687.74	\$ 683,285.83	\$ 179,587.97	\$ 6,459,953.07
Other receivables		11,938.00			11,938.00
Due from other funds	9,331.66				9,331.66
Receivables from other governments	213,852.42	39,273.01	914,665.78		1,167,791.21
Total assets	\$ 5,750,575.61	\$ 120,898.75	\$ 1,597,951.61	\$ 179,587.97	\$ 7,649,013.94
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 23,870.71	\$ 51,309.22	\$ 289,616.42	\$	\$ 364,796.35
Due to other funds		3,142.00			3,142.00
Payable to state government		11,938.00			11,938.00
Unearned revenue	19,058.11	54,509.53			73,567.64
Total liabilities	42,928.82	120,898.75	289,616.42		453,443.99
Fund balances:					
Restricted:					
Capital reserve	1,612,384.53				1,612,384.53
Maintenance reserve	1,634,070.00				1,634,070.00
Excess Surplus designated for subsequent years expenditures	592,727.00				592,727.00
Excess surplus - Current Year	931,810.03				931,810.03
Capital projects fund			1,308,335.19		1,308,335.19
Assigned:					
Encumbrances	494,566.23				494,566.23
Designated for subsequent years expenditures					
Other	442,089.00			179,587.97	621,676.97
Total fund balances	5,707,646.79		1,308,335.19	179,587.97	7,195,569.95
Total liabilities and fund balances	\$ 5,750,575.61	\$ 120,898.75	\$ 1,597,951.61	\$ 179,587.97	\$ 7,649,013.94

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Total Fund Balances (Brought Forward)		\$7,195,569.95
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.		
Cost of Assets	\$42,951,950.57	
Accumulated Depreciation	<u>(18,453,735.37)</u>	
		24,498,215.20
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	(9,752,908.00)	
Compensated Absences	(791,490.08)	
Bonds Payable		
Outstanding at June 30, 2017	\$ (14,578,000.00)	
Less: Unamortized Balance of Refunding Bonds	<u>(27,763.00)</u>	
	(14,605,763.00)	
Capital Leases:		
Outstanding at June 30, 2017	\$ <u>(279,428.89)</u>	
	<u>(279,428.89)</u>	
		(25,429,589.97)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related	2,575,007.00	
Employer Contribution related to pensions	<u>292,545.00</u>	
		2,867,552.00
Deferred Inflows:		
Pension related		(346,646.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(294,008.00)	
Accrued Interest Payable	<u>(175,069.80)</u>	
		<u>(469,077.80)</u>
Net Position of Governmental Activities		<u><u>\$8,316,023.38</u></u>

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

SPOTSWOOD BOROUGH BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 15,291,612.00	\$	\$	940,801.00	\$ 16,232,413.00
Tuition from Individuals	173,000.60				173,000.60
Tuition from other LEAs within the State	4,390,400.00				4,390,400.00
Rents and Royalties	19,550.35				19,550.35
Interest on Capital Reserve	520.53				520.53
Miscellaneous	52,461.70	20,377.00			72,838.70
Total - local sources	<u>19,927,545.18</u>	<u>20,377.00</u>		<u>940,801.00</u>	<u>20,888,723.18</u>
State sources	9,481,371.24	58,574.00	473,956.84	46,986.00	10,060,888.08
Federal sources	71,687.55	534,819.06			606,506.61
Total revenues	<u>29,480,603.97</u>	<u>613,770.06</u>	<u>473,956.84</u>	<u>987,787.00</u>	<u>31,556,117.87</u>
EXPENDITURES:					
Current expense:					
Regular instruction	9,048,109.94				9,048,109.94
Special instruction	1,727,189.80	505,653.22			2,232,843.02
Other instruction	724,713.09				724,713.09
Support services:					
Tuition	625,894.76				625,894.76
Student & instruction related services	2,721,072.23	108,116.84			2,829,189.07
General administrative services	366,658.43				366,658.43
School administrative services	899,442.13				899,442.13
Central service/Admin information technology	719,241.71				719,241.71
Plant operations and maintenance	2,178,417.97				2,178,417.97
Pupil transportation	817,779.12				817,779.12
Unallocated benefits	7,178,682.87				7,178,682.87
Transfer to Charter Schools	40,187.00				40,187.00
Special schools					
Debt Service:					
Principal	125,000.00			580,000.00	705,000.00
Interest	62,287.50			407,787.00	470,074.50
Capital outlay	175,300.20		4,368,930.37		4,544,230.57
Total expenditures	<u>27,409,976.75</u>	<u>613,770.06</u>	<u>4,368,930.37</u>	<u>987,787.00</u>	<u>33,380,464.18</u>
Excess (deficiency) of revenues over (under) expenditures	2,070,627.22		(3,894,973.53)		(1,824,346.31)
Fund balances, July 1, 2016	<u>3,637,019.57</u>	<u>-0-</u>	<u>5,203,308.72</u>	<u>179,587.97</u>	<u>9,019,916.26</u>
Fund balances, June 30, 2017	<u>\$ 5,707,646.79</u>	<u>\$ -0-</u>	<u>\$ 1,308,335.19</u>	<u>\$ 179,587.97</u>	<u>\$ 7,195,569.95</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds (from B-2)		(\$1,824,346.31)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense		(1,166,865.36)
Capital outlays	\$4,544,230.57	
Less: Capital Outlays not capitalized	<u>(47,744.00)</u>	4,496,486.57
Repayment of bond principal is an expenditure 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.		
Bonds Paid by Budget		705,000.00
Repayment of long-term debt is an expenditure 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.		
Payment of capital lease payable		78,779.00
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		7,116.20
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.		
Amorization of Bond Premium	23,502.00	
Amorization of Deferred Loss	<u>(22,894.00)</u>	608.00
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	\$292,545.00	
Less: Pension expense	<u>(842,562.00)</u>	(550,017.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-). When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>173,450.91</u>
Change in net position of governmental activities (A-2)		<u><u>\$1,920,212.01</u></u>

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

OTHER FUNDS

SPOTSWOOD BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2017

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>MAJOR FUNDS</u> <u>CARES FUND</u>	<u>NON-MAJOR</u> <u>TOTAL</u>	<u>TOTAL</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$313,287.43	\$12,289.99	\$325,577.42
Accounts receivable:			
State		244.48	244.48
Federal		6,628.52	6,628.52
Other		64,085.72	64,085.72
Intrafunds		475.00	475.00
Inventories		3,887.87	3,887.87
	<u>313,287.43</u>	<u>87,611.58</u>	<u>400,899.01</u>
Total current assets			
	<u>313,287.43</u>	<u>87,611.58</u>	<u>400,899.01</u>
Noncurrent assets:			
Furniture, machinery and equipment		230,162.86	230,162.86
Less accumulated depreciation		(154,886.60)	(154,886.60)
		<u>75,276.26</u>	<u>75,276.26</u>
Total noncurrent assets		<u>75,276.26</u>	<u>75,276.26</u>
		<u>75,276.26</u>	<u>75,276.26</u>
Total assets	<u>313,287.43</u>	<u>162,887.84</u>	<u>476,175.27</u>
	<u>313,287.43</u>	<u>162,887.84</u>	<u>476,175.27</u>
LIABILITIES:			
Current liabilities:			
Cash overdraft		421.09	421.09
Intrafunds	475.00		475.00
Unearned revenue	66,331.00	13,274.18	79,605.18
Accounts payable	155.71	5,690.25	5,845.96
	<u>66,961.71</u>	<u>19,385.52</u>	<u>86,347.23</u>
Total current liabilities	<u>66,961.71</u>	<u>19,385.52</u>	<u>86,347.23</u>
	<u>66,961.71</u>	<u>19,385.52</u>	<u>86,347.23</u>
NET POSITION:			
Net investment in capital assets		75,276.26	75,276.26
Unrestricted	246,325.72	68,226.06	314,551.78
	<u>246,325.72</u>	<u>68,226.06</u>	<u>314,551.78</u>
Total net position	<u>\$246,325.72</u>	<u>\$143,502.32</u>	<u>\$389,828.04</u>
	<u>\$246,325.72</u>	<u>\$143,502.32</u>	<u>\$389,828.04</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	MAJOR FUNDS	NON-MAJOR	
	<u>CARES FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services:			
Daily sales - reimbursable programs		\$195,257.86	\$195,257.86
Daily sales - non-reimbursable programs		79,163.77	79,163.77
Special Functions		9,718.23	9,718.23
Tuition - individuals	\$386,623.25	10,750.00	397,373.25
	<u>386,623.25</u>	<u>294,889.86</u>	<u>681,513.11</u>
Total operating revenues			
OPERATING EXPENSES:			
Cost of sales - reimbursable		142,283.83	142,283.83
Cost of sales - non-reimbursable		34,851.17	34,851.17
Salaries	292,931.40	188,909.02	481,840.42
Employee benefits		53,008.00	53,008.00
Other purchase services	535.00	16,678.00	17,213.00
Supplies and materials	14,734.81	35,502.25	50,237.06
Repairs		8,085.56	8,085.56
Management Fee		18,984.95	18,984.95
Depreciation		5,438.34	5,438.34
Miscellaneous	13,495.52	9,083.42	22,578.94
	<u>321,696.73</u>	<u>512,824.54</u>	<u>834,521.27</u>
Total operating expenses			
Operating income (loss)	<u>64,926.52</u>	<u>(217,934.68)</u>	<u>(153,008.16)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources			
State School Lunch Program		4,331.09	4,331.09
Federal Sources:			
National School Lunch Program		112,015.22	112,015.22
Supplemental Nutrition Assistance Program		5,830.20	5,830.20
Commissions / Rebates		92,008.25	92,008.25
National food distribution commodities		16,472.16	16,472.16
Total nonoperating revenues (expenses)		<u>230,656.92</u>	<u>230,656.92</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,926.52</u>	<u>12,722.24</u>	<u>77,648.76</u>
Total net position - beginning	<u>181,399.20</u>	<u>130,780.08</u>	<u>312,179.28</u>
Total net position - ending	<u>\$246,325.72</u>	<u>\$143,502.32</u>	<u>\$389,828.04</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	MAJOR FUNDS CARES FUND	NON-MAJOR TOTAL	TOTAL
Cash flows from operating activities:			
Receipts from customers	\$391,012.25	\$295,155.80	\$686,168.05
Payments to employees	(\$292,931.40)	(228,000.62)	(520,932.02)
Payments to employee benefits			
Payments to suppliers	(\$28,609.62)	(230,807.91)	(259,417.53)
Net cash provided by (used for) operating activities	<u>69,471.23</u>	<u>(163,652.73)</u>	<u>(94,181.50)</u>
Cash flows from noncapital financing activities:			
State sources		4,938.08	4,938.08
Federal sources		134,420.59	134,420.59
Net cash provided by noncapital financing activities		<u>139,358.67</u>	<u>139,358.67</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets		(74,971.20)	(74,971.20)
Net cash provided by (used for) capital and related financing activities		<u>(74,971.20)</u>	<u>(74,971.20)</u>
Net increase (decrease) in cash and cash equivalents	69,471.23	(99,265.26)	(29,794.03)
Cash and cash equivalents, July 1, 2016	<u>243,816.20</u>	<u>111,134.16</u>	<u>354,950.36</u>
Cash and cash equivalents, June 30, 2017	<u>\$313,287.43</u>	<u>\$11,868.90</u>	<u>\$325,156.33</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$64,926.52	(217,934.68)	(\$153,008.16)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation		5,438.34	5,438.34
Federal commodities		16,472.16	16,472.16
Change in assets and liabilities:			
Increase (decrease) in unearned revenue	4,389.00	367.44	4,756.44
Increase (decrease) in accounts payable	155.71	31,329.88	31,485.59
(Increase) decrease in inventories		674.13	674.13
	<u>4,544.71</u>	<u>54,281.95</u>	<u>58,826.66</u>
Net cash provided by (used for) operating activities	<u>\$69,471.23</u>	<u>(\$163,652.73)</u>	<u>(\$94,181.50)</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	STATE UNEMPLOYMENT COMPENSATION <u>TRUST FUND</u>	<u>AGENCY FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$ 198,042.66	\$ 851,014.75
Intrafund Receivable	<u>32,862.16</u>	<u> </u>
Total assets	<u>\$ 230,904.82</u>	<u>\$ 851,014.75</u>
LIABILITIES:		
Interfund payable	\$	\$ 6,189.66
Intrafund Receivable		32,862.16
Payroll deductions and withholdings		16,144.41
Flexible Spending Account		1,954.10
Wages payable - summer payroll		566,838.69
Due to student groups		<u>227,025.73</u>
Total liabilities	<u>\$</u>	<u>\$ 851,014.75</u>
NET POSITION:		
Held in trust for unemployment claims and other purposes	<u>\$ 230,904.82</u>	<u> </u>
Total net position	<u>\$ 230,904.82</u>	<u>\$ -0-</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		STATE UNEMPLOYMENT COMPENASTION <u>TRUST FUND</u>
ADDITIONS:		
Contributions:		
From employees	\$	26,404.37
Total contributions		26,404.37
Total additions		26,404.37
DEDUCTIONS:		
Unemployment claims		25,589.14
Total deductions		25,589.14
Change in net position		815.23
Net position beginning of year (as Restated)	\$	230,089.59
Net position end of year	\$	230,904.82

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 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:

Reporting Entity

The Spotswood Borough School District is a Type II District located in Middlesex County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Spotswood Borough School District, comprised of six elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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 primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle schools and a high school, located in the Spotswood Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category-governmental, proprietary, and fiduciary. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Governmental Funds

General Fund The general fund is the general operating fund of the District and is used to account for all expendable 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.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Funds The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service, Science, Technology, Engineering, Art & Design and Mathematics Camp (STEAM) and Children's After School Recreation and Enrichment (CAREs) programs operations. These funds are 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 to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds

Agency Funds The 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. The agency funds included are as follows:

Payroll and Student Activities Funds These are agency funds 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.

Unemployment Insurance Trust Funds An expendable trust fund used to account for unemployment compensation claims as they arise.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for approval. 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. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. No Budget amendments were approved during the year ended June 30, 2017.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized 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 records.

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue and capital project funds for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unearned Revenue

Unearned revenue in the special revenue and proprietary funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles. Unearned revenue in the Proprietary Fund represents deposits from students for future program fees.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Fund Balance Restrictions

GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions" modifies fund balance reporting and clarifies fund type definitions. This Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the standard, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and Amounts Designated for Subsequent Years Expenditures as Assigned Fund Balance.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

Unassigned - is the residual classification for 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 should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange Transactions (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

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

Management Estimates

The preparation of financial statements in conformity with 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts from refunding debt and deferred items that are pension related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts that are pension related.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), 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 the deposits to the governmental unit

The Spotswood Borough School District had the following cash and cash equivalents at June 30, 2017:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 6,751,967.36
Proprietary Funds	325,577.42
Fiduciary Funds	1,171,615.24
Total Cash in Bank	\$ 8,249,160.02
Less: Reconciling Items	(414,993.21)
	\$ 7,834,166.81

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$8,249,160.02, \$250,000.00 was covered by Federal Depository Insurance, \$7,766,723.67 was covered under the provisions of NJGUDPA and \$232,436.35 was on deposit with the New Jersey Assets and Rebate management Fund (NJARM).

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, the District has \$232,436.55 on deposit with NJARM. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of NJARM, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Deletions & <u>Transfers</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$197,617.00			\$197,617.00
Construction in Progress	<u>3,483,922.00</u>	<u>\$4,368,930.37</u>	<u>(2,915,963.11)</u>	<u>4,936,889.26</u>
Total Capital Assets not being depreciated	<u>3,681,539.00</u>	<u>4,368,930.37</u>	<u>(2,915,963.11)</u>	<u>5,134,506.26</u>
Site improvements	1,516,483.00		811,767.51	2,328,250.51
Buildings & Building Improvements	29,990,175.03	19,722.00	1,942,469.60	31,952,366.63
Machinery & Equipment	<u>3,267,266.97</u>	<u>107,834.20</u>	<u>161,726.00</u>	<u>3,536,827.17</u>
Totals at historical cost	<u>34,773,925.00</u>	<u>127,556.20</u>	<u>2,915,963.11</u>	<u>37,817,444.31</u>
Gross Assets (Memo only)	<u>38,455,464.00</u>	<u>4,496,486.57</u>		<u>42,951,950.57</u>
Less: Accumulated Depreciation				
Site improvements	(1,241,008.60)	(15,851.88)		(1,256,860.48)
Buildings & Building Improvements	(13,570,394.09)	(1,061,131.38)		(14,631,525.47)
Machinery & Equipment	<u>(2,475,467.31)</u>	<u>(89,882.11)</u>		<u>(2,565,349.42)</u>
Total Depreciation	<u>(17,286,870.00)</u>	<u>(1,166,865.36)</u>		<u>(18,453,735.37)</u>
Total capital assets being depreciated, net of depreciation	<u>17,487,055.00</u>	<u>(1,039,309.16)</u>	<u>2,915,963.11</u>	<u>19,363,708.94</u>
Total Governmental Fund Activities	<u>\$21,168,594.00</u>	<u>\$3,329,621.21</u>		<u>\$24,498,215.20</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 3: CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Proprietary Activities:			
Machinery & Equipment	<u>\$155,191.66</u>	<u>\$74,971.20</u>	<u>\$230,162.86</u>
Totals at historical cost	<u>155,191.66</u>	<u>74,971.20</u>	<u>230,162.86</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(149,448.26)</u>	<u>(5,438.34)</u>	<u>(154,886.60)</u>
Total Depreciation	<u>(149,448.26)</u>	<u>(5,438.34)</u>	<u>(154,886.60)</u>
Total Proprietary Fund Activities	<u><u>\$5,743.40</u></u>	<u><u>\$69,532.86</u></u>	<u><u>\$75,276.26</u></u>

Depreciation expense was charged to functional expenses areas of the District for Governmental Funds as follows:

Instruction	\$669,832.04
Support services:	
Student & Instruction Related Services	225,293.08
General Administration	18,921.32
School Administration	48,110.17
Central Service/Adm Tech	35,169.51
Plant Operations & Maintenance	121,946.44
Pupil transportation	<u>47,592.79</u>
	<u><u>\$1,166,865.36</u></u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2017:

Governmental Funds:

	Balance June 30, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2017</u>	Amounts due Within <u>one year</u>
Bonds Payable	\$15,283,000.00		\$705,000.00	\$14,578,000.00	\$1,030,000.00
Unamortized Bond Premium	211,520.00		23,502.00	188,018.00	24,971.00
Compensated Absences	964,941.00		173,450.91	791,490.09	171,635.91
Capital Leases Payable	358,208.00		78,779.00	279,429.00	76,691.00
Pension Liability	<u>7,621,749.00</u>	<u>2,131,159.00</u>	<u> </u>	<u>9,752,908.00</u>	<u> </u>
Balance June 30, 2017	<u>\$24,439,418.00</u>	<u>\$2,131,159.00</u>	<u>\$980,731.91</u>	<u>\$25,589,845.09</u>	<u>\$1,303,297.91</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2017, including interest payments on issued debt, are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2018	\$995,000.00	\$424,709.76	\$1,419,709.76
FY2019	1,025,000.00	400,983.76	1,425,983.76
FY2020	1,050,000.00	374,383.76	1,424,383.76
FY2021	1,090,000.00	343,646.26	1,433,646.26
FY2022	1,130,000.00	304,871.26	1,434,871.26
FY2023	1,160,000.00	268,821.26	1,428,821.26
FY2024	1,185,000.00	227,246.26	1,412,246.26
FY2025	730,000.00	182,683.76	912,683.76
FY2026	745,000.00	164,058.76	909,058.76
FY2027	765,000.00	144,871.26	909,871.26
FY2028	525,000.00	124,027.51	649,027.51
FY2029	525,000.00	112,215.01	637,215.01
FY2030	525,000.00	100,074.38	625,074.38
FY2031	525,000.00	85,965.00	610,965.00
FY2032	525,000.00	70,215.00	595,215.00
FY2033	525,000.00	54,465.00	579,465.00
FY2034	525,000.00	38,715.00	563,715.00
FY2035	525,000.00	22,965.00	547,965.00
FY2036	503,000.00	7,545.00	510,545.00
	<u>\$14,578,000.00</u>	<u>\$3,452,463.00</u>	<u>\$18,030,463.00</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2017</u>
\$7,135,000.00 in Refunding School Bonds dated May 16, 2007, due in remaining annual installments ranging between \$595,000.00 and \$675,000.00 beginning January 15, 2018 and ending January 15, 2024 with interest from 2.63% to 4.65%	4,430,000.00
\$2,630,000.00 in School Energy Savings Obligation Refunding Bonds dated April 24, 2012 due in remaining annual installment of ranging between \$135,000.00 and \$265,000.00 due beginning April 1, 2018 and ending April 1, 2027 with interest ranging from 2.00% to 3.75%	1,925,000.00
\$8,223,000.00 in School Bond, dated January 7, 2016, due in remaining annual installments ranging between \$265,000.00 and \$525,000.00 beginning September 1, 2017 and ending September 1, 2035 with interest from 2.00% to 3.00%	<u>8,223,000.00</u>
	<u><u>\$14,578,000.00</u></u>

Bonds Authorized But Not Issued

As of June 30, 2017, the District did not have any Bonds Authorized But Not Issued.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing school buses totaling \$392,219.00 under capital leases. This capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2017:

Fiscal Year Ended	Governmental
<u>June 30,</u>	<u>Funds</u>
2018	\$82,552.29
2019	70,382.54
2020	70,382.54
2021	<u>70,382.54</u>
Total Minimum Lease Payments	293,699.91
Less: Amount Representing Interest	<u>14,271.02</u>
 Present Value of Lease Payments	 <u><u>\$279,428.89</u></u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS

Description of Plans All required employees of the District are covered by the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

As a result of these changes new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both 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 TPAF (i.e. the State of new Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2017	\$292,545.00	100%	-0-
2016	\$291,904.00	100%	-0-
2015	\$280,512.00	100%	-0-

Three Year Trend Information for TPAF (On-behalf Contribution)

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2017	\$1,292,965.00	100%	-0-
2016	\$941,893.00	100%	-0-
2015	\$654,875.00	100%	-0-

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the years ended June 30, 2017, 2016 and 2015 \$831,872.24, \$856,532.00 and \$873,719.00 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported a liability of \$9,752,908.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the District's proportion was 0.0329299531 percent, which was a decrease of 0.0010229609 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$842,546.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$181,375.00
Changes of assumptions		2,020,282.00
Net difference between projected and actual earnings on pension plan investments		371,887.00
Changes in proportion and differences between District contributions and proportionate share of contributions	\$346,646.00	
District contributions subsequent to the measurement date		294,008.00
	<u>\$346,646.00</u>	<u>\$2,867,552.00</u>

The \$294,008.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS) (Continued)

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 <u>June 30</u>	<u>Amount</u>
2018	\$521,499.00
2019	\$521,499.00
2020	\$521,499.00
2021	\$506,557.00
2022	\$155,844.00

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

	June 30, 2016	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employer contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	11,951,050.00	9,752,908.00	7,938,151.00

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

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 portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$92,545,202</u>
	<u><u>\$92,545,202</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .1176426542% which was a decrease of .0034876945 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$6,953,484.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality Rate

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
High Yield Bonds	2.00%	4.70%
US Equities Markets	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmlands	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	100.00%	

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

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 Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 7: GASB 45 – OTHER POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 employer paid 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a 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 State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School Commission for the years ended June 30, 2017, 2016 and 2015 were \$1,077,333.00, \$1,121,535.00 and \$1,039,615.00 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School Commission was not determined or made available by the State of New Jersey.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2016-2017 fiscal year were subject to the the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000.00 Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	-0-	\$26,404.37	\$25,589.14	\$230,904.82
2016	191,124.00	31,497.00	114,391.00	230,089.59
2015	-0-	27,650.00	27,180.00	121,859.59

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2017, a liability existed for compensated absences for governmental fund-types in the district- wide statement of net position of \$791,490.00.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 12: FUND BALANCE APPROPRIATED

General Fund The table below reflects the District's Fund Balance at June 30, 2017 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u> <u>Basis</u>	<u>Adjustment</u>		<u>GAAP</u> <u>Basis</u>
Restricted:				
Excess Surplus:				
Designated for Subsequent				
Year's Expenditures	\$ 595,869.00	\$	\$	595,869.00
Current Year	1,001,590.92	(70,140.89)		931,450.03
Maintenance Reserve	1,634,070.00			1,634,070.00
Capital Reserve	1,612,384.53			1,612,384.53
Assigned:				
Designated for Subsequent				
Year's Expenditures	438,947.00			438,947.00
Encumbrances	494,566.23			494,566.23
Unassigned	<u>535,757.11</u>	<u>(535,757.11)</u>		<u> </u>
	<u>\$ 6,313,184.79</u>	<u>\$ (605,898.00)</u>		<u>\$ 5,707,286.79</u>

Debt Service Fund The \$179,587.97 in Debt Service Fund Balance at June 30, 2017, is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2018.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30 2017		\$27,409,976.75
Less:		
Reimb. TPAF Social Security Contributions	\$831,872.24	
Reimb. TPAF Pension Contributions	2,373,899.00	
		3,205,771.24
Adjusted General Fund Expenditures		\$24,204,205.51
Excess Surplus Percentage		2.00%
		\$484,084.11
Increased by:		
Extraordinary Aid (unbudgeted)	\$46,387.00	
Non-Public Transportation Aid (unbudgeted)	5,286.00	
		51,673.00
Maximum Unassigned General Fund Balance		\$535,757.11
Actual Unassigned General Fund Balance		1,537,348.03
Excess Surplus		\$1,001,590.92
Recapitulation of Excess Surplus, June 30, 2017:		
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditure		\$595,869.00
Restricted for Excess Surplus		1,001,590.92
		\$1,597,459.92

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS (CONTINUED)

Based on the preceding calculation, as of June 30, 2017, \$1,001,590.92 is reported as Restricted Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2018-19 budget. \$595,869.00 is reported as Restricted Fund Balance Excess Surplus Designated for Subsequent Year's Expenditure and is required to be appropriated for property tax relief in the 2017-18 budget.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

<u>Fund</u>	<u>Interfund Balance</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,331.66	\$
Special Revenue Fund		3,142.00
Fiduciary Fund		6,189.66
	\$ 9,331.66	\$ 9,331.66

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Spotswood Borough Board of Education in prior years for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, 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 revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance, June 30, 2016 (Budgetary Basis)	\$	1,111,864.00
Interest Earnings		520.53
Deposits:		
Board Resolution dated 06/06/17		500,000.00
		500,000.00
Balance, June 30, 2017 (Budgetary Basis)	\$	1,612,384.53

NOTE 16: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2017, the balance of the Maintenance Reserve Account was \$1,134,070.00 and is within the statutory limitations.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 16: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance, June 30, 2016		1,134,070.00
Interest Earnings		
Deposits:		
Board Resolution dated 06/06/17	500,000.00	
		500,000.00
Balance, June 30, 2017		\$ <u>1,634,070.00</u>

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food and Supplies	<u>\$3,887.87</u>
-------------------	-------------------

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act Amendment of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 18: TAX ABATEMENTS

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2017

NOTE 18: TAX ABATEMENTS (CONTINUED)

The District has identified several agreements that have been entered into by Spotswood Borough and Helmetta Borough that require disclosure under this statement. The gross dollar amount, on an accrual basis, by which the District's property tax revenues were potentially reduced during the reporting period as a result of tax abatement agreements totaled \$342,549.72. It is important to note that the District Tax Levy is guaranteed to be paid in full by the municipalities and that the District collected its full tax levy for FY2017.

The property owner under the terms of these agreements are required to pay the municipalities an annual service charge in lieu of taxes. In certain cases, a portion of this fee is remitted to the school district. As of the date of the audit the amount due to the District has not been finalized.

NOTE 19: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through October 24, 2017 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed, except as follows:

On September 26, 2017 the District's voters approved a referendum authorizing the issuance of \$1,700,000.00 of Bonds and Notes to provide for capital improvements at various district schools.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
REVENUES					
Local sources:					
Local tax levy	\$ 15,291,612.00	\$	\$ 15,291,612.00	\$ 15,291,612.00	
Tuition from Individuals	175,000.00		175,000.00	173,000.60	(1,999.40)
Tuition from other LEAs within the State	4,390,400.00		4,390,400.00	4,390,400.00	
Rents and Royalties	175,000.00		175,000.00	19,550.35	(155,449.65)
Interest on Capital Reserve				520.53	520.53
Miscellaneous	12,675.00		12,675.00	52,461.70	39,786.70
Total-local sources	<u>20,044,687.00</u>		<u>20,044,687.00</u>	<u>19,927,545.18</u>	<u>(117,141.82)</u>
State sources:					
Equalization Aid	5,056,213.00		5,056,213.00	5,056,213.00	
Categorical Transportation Aid	63,438.00		63,438.00	63,438.00	
Categorical Special Education Aid	923,046.00		923,046.00	923,046.00	
Security Aid	36,526.00		36,526.00	36,526.00	
Under Adequacy Aid	6,761.00		6,761.00	6,761.00	
PARCC Readiness Aid	14,750.00		14,750.00	14,750.00	
Per Pupil Growth Aid	14,750.00		14,750.00	14,750.00	
Professional Learning Community Aid	14,790.00		14,790.00	14,790.00	
Extraordinary Aid	100,000.00		100,000.00	146,387.00	46,387.00
Other State Aid				5,286.00	5,286.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				45,209.00	45,209.00
On-behalf TPAF Pension (non-budgeted)				1,247,756.00	1,247,756.00
On-behalf TPAF Long Term Disability Insurance (non-budgeted)				3,601.00	3,601.00
On-behalf TPAF Post Retirement Contributions (non-budgeted)				1,077,333.00	1,077,333.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				831,872.24	831,872.24
Total - state sources	<u>6,230,274.00</u>		<u>6,230,274.00</u>	<u>9,487,718.24</u>	<u>3,257,444.24</u>
Federal sources:					
Medicaid reimbursement	22,691.00		22,691.00	71,687.55	48,996.55
	22,691.00		22,691.00	71,687.55	48,996.55
Total revenues	<u>26,297,652.00</u>		<u>26,297,652.00</u>	<u>29,486,950.97</u>	<u>3,189,298.97</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	\$ 270,000.00	\$ (50,000.00)	\$ 220,000.00	\$ 217,000.00	\$ 3,000.00
Kindergarten	641,935.00	63,150.00	705,085.00	682,888.41	22,196.59
Grades 1-5	1,679,865.00	(52,825.00)	1,627,040.00	1,607,955.46	19,084.54
Grades 6-8	1,638,028.00	915.00	1,638,943.00	1,605,249.82	33,693.18
Grades 9-12	3,820,783.00	88,916.00	3,909,699.00	3,855,541.36	54,157.64
Total Salaries of teachers:	<u>8,050,611.00</u>	<u>50,156.00</u>	<u>8,100,767.00</u>	<u>7,968,635.05</u>	<u>132,131.95</u>
Regular Programs - Home Instruction:					
Salaries of teachers	45,000.00		45,000.00	19,492.50	25,507.50
Purchased professional educational services	20,000.00		20,000.00	4,760.00	15,240.00
Total Regular Programs - Home Instruction:	<u>65,000.00</u>		<u>65,000.00</u>	<u>24,252.50</u>	<u>40,747.50</u>
Regular programs - undistributed instruction:					
Other Salaries for Instruction	469,021.00	(39,435.00)	429,586.00	386,896.05	42,689.95
Purchased Professional-Educational Services	100,000.00		100,000.00	76,877.50	23,122.50
Other Purchased Services(400-500 series)	17,901.00	101,392.10	119,293.10	105,334.79	13,958.31
General supplies	436,047.00	46,187.60	482,234.60	450,686.76	31,547.84
Textbooks	49,748.00	(10,229.60)	39,518.40	33,910.82	5,607.58
Other Objects	3,150.00		3,150.00	1,516.47	1,633.53
Total Regular programs - undistributed instruction	<u>1,075,867.00</u>	<u>97,915.10</u>	<u>1,173,782.10</u>	<u>1,055,222.39</u>	<u>118,559.71</u>
Total Regular Programs - Instruction	<u>9,191,478.00</u>	<u>148,071.10</u>	<u>9,339,549.10</u>	<u>9,048,109.94</u>	<u>291,439.16</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Special education:					
Multiple Disabilities:					
Salaries of teachers	48,500.00 \$	1,000.00 \$	49,500.00 \$	49,500.00 \$	
Other salaries for instruction	60,643.00		60,643.00	44,059.94	16,583.06
Total Multiple Disabilities:	<u>109,143.00</u>	<u>1,000.00</u>	<u>110,143.00</u>	<u>93,559.94</u>	<u>16,583.06</u>
Resource room/resource center:					
Salaries of teachers	1,404,522.00	(31,358.00)	1,373,164.00	1,268,770.34	104,393.66
Other salaries for instruction	226,299.00	12,675.00	238,974.00	237,702.46	1,271.54
Textbooks	2,134.00		2,134.00	626.90	1,507.10
General supplies	6,038.00		6,038.00	5,035.14	1,002.86
Total Resource room/resource center	<u>1,638,993.00</u>	<u>(18,683.00)</u>	<u>1,620,310.00</u>	<u>1,512,134.84</u>	<u>108,175.16</u>
Preschool disabilities-full-time:					
Salaries of teachers	104,000.00	(30,600.00)	73,400.00	62,160.38	11,239.62
Other salaries for instruction	105,205.00	(44,043.40)	61,161.60	59,279.74	1,881.86
Total Preschool disabilities-full-time	<u>209,205.00</u>	<u>(74,643.40)</u>	<u>134,561.60</u>	<u>121,440.12</u>	<u>13,121.48</u>
Total special education	<u>1,957,341.00</u>	<u>(92,271.50)</u>	<u>1,865,069.50</u>	<u>1,727,189.80</u>	<u>137,879.70</u>
Basic skills/remedial:					
Salaries of teachers	46,650.00	35,000.00	81,650.00	76,965.67	4,684.33
General Supplies	600.00		600.00	600.00	600.00
Total basic skills/remedial	<u>47,250.00</u>	<u>35,000.00</u>	<u>82,250.00</u>	<u>76,965.67</u>	<u>5,284.33</u>
Bilingual education:					
Salaries of teachers	84,000.00		84,000.00	84,000.00	
Total bilingual education	<u>84,000.00</u>		<u>84,000.00</u>	<u>84,000.00</u>	
School sponsored cocurricular activities:					
Salaries	160,000.00		160,000.00	158,930.23	1,069.77
Supplies And Materials	423.00		423.00	422.50	0.50
Other Objects	2,990.00		2,990.00	1,350.00	1,640.00
Total school sponsored cocurricular activities	<u>163,413.00</u>		<u>163,413.00</u>	<u>160,702.73</u>	<u>2,710.27</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
School sponsored athletics:					
Salaries	\$ 306,252.00	\$	306,252.00	293,773.62	\$ 12,478.38
Purchased Services	83,825.00		83,825.00	64,107.99	19,717.01
Supplies and Materials	34,086.00	(344.35)	33,741.65	29,967.08	3,774.57
Other Objects	17,660.00	344.00	18,004.00	15,196.00	2,808.00
Total school sponsored athletics	<u>441,823.00</u>	<u>(0.35)</u>	<u>441,822.65</u>	<u>403,044.69</u>	<u>38,777.96</u>
Total - instruction	<u>11,885,305.00</u>	<u>90,799.25</u>	<u>11,976,104.25</u>	<u>11,500,012.83</u>	<u>476,091.42</u>
Undistributed expenditures:					
Instruction:					
Tuition to CSSD and regional day schools	283,651.00	145,000.00	428,651.00	163,551.54	265,099.46
Tuition to private schools for the handicapped with state	910,399.00	(144,311.52)	766,087.48	457,843.22	308,244.26
Tuition-state facilities	32,306.00		32,306.00	4,500.00	27,806.00
Total undistributed expenditures - instruction	<u>1,226,356.00</u>	<u>688.48</u>	<u>1,227,044.48</u>	<u>625,894.76</u>	<u>601,149.72</u>
Health services:					
Salaries	276,250.00	(50,925.00)	225,325.00	216,712.50	8,612.50
Purchased professional and technical services	226,118.00	(108,465.96)	117,652.04	64,490.01	53,162.03
Purchased Professional - Educational Services	1,870.00	193,466.00	193,466.00	166,198.50	27,267.50
Supplies and materials			1,870.00	1,777.16	92.84
Total health services	<u>504,238.00</u>	<u>34,075.04</u>	<u>538,313.04</u>	<u>449,178.17</u>	<u>89,134.87</u>
Other support services - student related services:					
Salaries	429,045.00	(48,355.00)	380,690.00	354,015.78	26,674.22
Purchased Professional - Educational Services	11.00	1,900.00	1,900.00	1,900.00	
Supplies and materials		0.21	11.21	11.21	
Total other support services - students related services	<u>429,056.00</u>	<u>(46,454.79)</u>	<u>382,601.21</u>	<u>355,926.99</u>	<u>26,674.22</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Other support services - Students- Extra Services					
Salaries	\$ 190,273.00	(41,949.00)	\$ 148,324.00	\$ 85,563.88	\$ 62,760.12
Purchased Professional - Educational Services					
Total other support services- Students- Extra Services	<u>190,273.00</u>	<u>(41,949.00)</u>	<u>148,324.00</u>	<u>85,563.88</u>	<u>62,760.12</u>
Other support services - students - regular:					
Salaries of other professional staff	295,763.00	59,142.00	354,905.00	354,817.56	87.44
Salaries of secretarial and clerical assistants	102,114.00	(10,403.00)	91,711.00	88,873.62	2,837.38
Purchased Professional - Educational Services	31,139.00	543.50	31,682.50	31,682.50	
Other Purchased Prof. and Tech. Services	25.00		25.00	25.00	
Total other support services - students - regular	<u>429,041.00</u>	<u>49,282.50</u>	<u>478,323.50</u>	<u>475,398.68</u>	<u>2,924.82</u>
Other support services - students - child study teams:					
Salaries of other professional staff	667,141.00	(155,000.00)	512,141.00	503,376.96	8,764.04
Salaries of secretarial and clerical assistants	91,727.00	8,340.00	100,067.00	100,065.80	1.20
Purchased Professional - Educational Services	241,813.00	180,199.47	422,012.47	349,120.65	72,891.82
Other Purchased Prof. and Tech. Services	14,825.00		14,825.00	14,824.88	0.12
Rentals	12,500.00	12,500.00	12,500.00	8,916.19	3,583.81
Supplies and Materials	12,150.00	3,000.00	15,150.00	13,219.93	1,930.07
Other objects	5,000.00		5,000.00	160.00	4,840.00
Total other support services - students - child study team	<u>1,032,656.00</u>	<u>49,039.47</u>	<u>1,081,695.47</u>	<u>989,684.41</u>	<u>92,011.06</u>
Improvement of instruction services:					
Salaries of Supervisors of Instruction	307,872.00	(59,338.30)	248,533.70	247,550.06	983.64
Salaries of secretarial and clerical assistants	4,000.00		4,000.00	1,069.00	2,931.00
Other Salaries	15,000.00		15,000.00	7,157.50	7,842.50
Purchased Prof- Educational Services	8,000.00		8,000.00	500.00	7,500.00
Other Purchased Services (400-500)	5,000.00	500.00	5,500.00	2,500.00	3,000.00
Supplies and Materials	5,800.00		5,800.00	4,799.81	1,000.19
Other objects	12,500.00	3,350.00	15,850.00	8,419.10	7,430.90
Total Improvement of instruction services:	<u>358,172.00</u>	<u>(55,488.30)</u>	<u>302,683.70</u>	<u>271,995.47</u>	<u>30,688.23</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Educational media services/school library:					
Salaries	\$ 68,825.00	\$ 1.00	\$ 68,826.00	\$ 68,824.40	\$ 1.60
Supplies and Materials	1,809.00		1,809.00	1,657.37	151.63
Total educational media services/school library	70,634.00	1.00	70,635.00	70,481.77	153.23
Instructional Staff Training Services:					
Other Salaries	1,000.00		1,000.00		1,000.00
Other Purchased Services (400-500)	32,996.00	(2,700.40)	30,295.60	14,566.96	15,728.64
Supplies and Materials	16,000.00	(201.56)	15,798.44	8,275.90	7,522.54
Textbooks					
Other objects	4,000.00		4,000.00		4,000.00
Total instructional staff training services:	53,996.00	(2,901.96)	51,094.04	22,842.86	28,251.18
Support services general administration:					
Salaries	224,587.00	4,750.00	229,337.00	229,311.20	25.80
Unused Vacation to Terminated/Retired Staff		625.00	625.00	625.00	
Legal services				36,325.63	6,674.37
Audit Fees	30,000.00	13,000.00	43,000.00	55,500.00	3,000.00
Communications/telephone	58,500.00		58,500.00	19,731.63	14,738.37
BOE Other purchased services(580-585)	47,950.00	(13,480.00)	34,470.00	255.33	3,694.67
General supplies	3,950.00		3,950.00	7,106.36	5,393.64
Miscellaneous expenditures	7,100.00		7,100.00	7,173.83	3,126.17
BOE membership dues and fees	10,300.00		10,300.00	16,029.45	470.55
	13,500.00	3,000.00	16,500.00		
Total support services general administration	395,887.00	7,895.00	403,782.00	366,658.43	37,123.57

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support services school administration:					
Salaries of principals/asst. principals	\$ 512,956.00	65,193.30	578,149.30	575,115.91	3,033.39
Salaries of secretarial and clerical assistants	284,943.00	21,145.00	306,088.00	303,603.37	2,484.63
Other Purchased Services (400-500)	22,176.00	(4,092.10)	18,083.90	4,782.90	13,301.00
Supplies and Materials	17,277.00		17,277.00	9,462.95	7,814.05
Other objects	8,000.00	1,500.00	9,500.00	6,477.00	3,023.00
Total support services school administration	845,352.00	83,746.20	929,098.20	899,442.13	29,656.07
Central Services:					
Salaries	261,173.00	51,580.00	312,753.00	312,741.00	12.00
Unused Vacation to Terminated/Retired Staff		1,875.00	1,875.00	1,875.00	
Purchased professional services	46,400.00		46,400.00	17,961.24	28,438.76
Purchased Technical Services	87,830.00		87,830.00	82,174.43	5,655.57
Misc. purchased services (400-500 series)	3,400.00		3,400.00	1,388.70	2,011.30
Supplies and materials	40,000.00	10,654.64	50,654.64	37,314.85	13,339.79
Miscellaneous expenditures	2,500.00		2,500.00	1,865.00	635.00
Total central services	441,303.00	64,109.64	505,412.64	455,320.22	50,092.42
Administrative Information, Technology					
Salaries	172,111.00	1,150.00	173,261.00	173,250.64	10.36
Purchased Technical Services	45,800.00	(1,200.00)	44,600.00	36,067.75	8,532.25
Rentals		39,502.00	39,502.00	38,008.00	1,494.00
Other Objects	13,422.00	3,180.00	16,602.00	16,595.10	6.90
Total Administrative Information, Technology	231,333.00	42,632.00	273,965.00	263,921.49	10,043.51
Required Maintenance for School Facilities:					
Salaries	154,928.00	28,010.00	182,938.00	181,551.79	1,386.21
Cleaning, Repair and Maintenance Services	224,405.00	0.06	224,405.06	147,482.20	76,922.86
Lead Testing Of Drinking Water		60,000.00	60,000.00	7,268.00	52,732.00
General supplies	123,953.00	102.42	124,055.42	62,876.94	61,178.48
Other objects	38,000.00	(6,000.00)	32,000.00	18,234.27	13,765.73
Total Required Maintenance for School Facilities	541,286.00	82,112.48	623,398.48	417,413.20	205,985.28

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Other operation and maint. of plant :					
Salaries	\$ 961,005.00	\$ 5,865.00	\$ 966,870.00	\$ 899,955.55	66,914.45
Salaries of Non-Instructional Aides	63,600.00	(3,500.00)	60,100.00	52,045.03	8,054.97
Purchased professional and technical services	2,000.00		2,000.00	780.00	1,220.00
Lease Purchase Payment - Energy Savings Program		125,000.00	125,000.00	125,000.00	
Other purchased property services	19,500.00	1,300.00	20,800.00	20,759.40	40.60
General supplies	79,997.00		79,997.00	56,342.17	23,654.83
Energy (Natural Gas)	97,410.00		97,410.00	80,890.33	16,519.67
Energy (Electricity)	427,000.00	(1,300.00)	425,700.00	355,180.11	70,519.89
Energy (Oil)					
Other objects	1,000.00		1,000.00	711.01	288.99
Interest - Energy Savings Impr Prog Bonds	70,000.00		70,000.00	62,287.50	7,712.50
Total other operation and maint. of plant	1,721,512.00	127,365.00	1,848,877.00	1,653,951.10	194,925.90
Care & Upkeep of Grounds					
Salaries	118,340.00	8,400.00	126,740.00	125,098.55	1,641.45
Cleaning, Repair and Maintenance Services	46,300.00		46,300.00	17,412.50	28,887.50
General supplies	31,400.00	9,750.00	41,150.00	24,333.05	16,816.95
Total Care and Upkeep of Grounds	196,040.00	18,150.00	214,190.00	166,844.10	47,345.90
Security					
Salaries	88,095.00		88,095.00	77,497.07	10,597.93
Purchased Professional & Technical Services (300-500)	50,000.00		50,000.00	50,000.00	
General Supplies	1,347.00	700.00	2,047.00	2,047.00	
Total Security	139,442.00	700.00	140,142.00	127,497.07	12,644.93
Total operation and maintenance of plant services	2,598,280.00	228,327.48	2,826,607.48	2,365,705.47	460,902.01

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Student transportation services:					
Salaries for pupil transportation (between home and school)-regular	\$ 31,860.00	\$ 4,200.00	\$ 36,060.00	\$ 35,974.53	85.47
Salaries for pupil transportation (between home and school)-Special Ed	148,993.00		148,993.00	126,738.26	22,254.74
Salaries for pupil transportation (other than between home & school)	40,000.00		40,000.00	33,010.04	6,989.96
Cleaning, Repair and Maintenance Services	40,000.00		40,000.00	38,243.30	1,756.70
Lease Purchase Payments - School Buses	102,700.00		102,700.00	82,552.29	20,147.71
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	36,172.00		36,172.00	32,089.20	4,082.80
Contracted Services - between home and school vendor	158,000.00	(50,000.00)	108,000.00	65,853.76	42,146.24
Contracted services (other than btw home & school)-vendors	82,700.00	(10,000.00)	72,700.00	51,091.17	21,608.83
Contract. Serv. (Sp Ed Stds) - Vendors	413,600.00	(50,000.00)	363,600.00	345,261.58	18,338.42
General Supplies		10,000.00	10,000.00	6,964.99	3,035.01
Total student transportation services	1,054,025.00	(95,800.00)	958,225.00	817,779.12	140,445.88
Unallocated Benefits - Employee Benefits:					
Group Insurance	224,500.00		224,500.00	207,607.47	16,892.53
Social Security Contributions	375,000.00		375,000.00	352,913.41	22,086.59
Other retirement contributions - regular	420,365.00	(44,499.57)	375,865.43	324,950.89	50,914.54
T.P.A.F. Contributions - ERIP	4,200.00		4,200.00	2,572.80	1,627.20
Workers Compensation	175,300.00		175,300.00	120,620.82	54,679.18
Health Benefits	3,588,689.00	(371,095.80)	3,217,593.20	2,931,466.24	286,126.96
Tuition Reimbursements	45,150.00		45,150.00	32,780.00	12,370.00
Total Unallocated Benefits - Employee Benefits:	4,833,204.00	(415,595.37)	4,417,608.63	3,972,911.63	444,697.00
Total personal services	4,833,204.00	(415,595.37)	4,417,608.63	3,972,911.63	444,697.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				45,209.00	(45,209.00)
On-behalf TPAF Pension (non-budgeted)				1,247,756.00	(1,247,756.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				3,601.00	(3,601.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				1,077,333.00	(1,077,333.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				831,872.24	(831,872.24)
Total Undistributed Expenditures	14,693,806.00	(98,392.61)	14,595,413.39	15,694,476.72	(1,099,063.33)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	26,579,111.00	(7,593.36)	26,571,517.64	27,194,489.55	(622,971.91)

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
CAPITAL OUTLAY:					
Equipment:					
Kindergarten	\$ 13,000.00	\$ (13,000.00)	\$	\$	
Grades 1-5	22,000.00	(22,000.00)			
Non-instructional equipment Grades 1-5					
Grades 6-8	18,000.00	(18,000.00)			
Grades 9-12	51,502.00	(51,502.00)			
Undistributed Expenditures - Instruction	30,000.00	(30,000.00)			
Other Support Services					
Undist. Expend.-Support Serv. - Child Study Teams	12,500.00	(12,500.00)			
Maintenance of Grounds	107,900.00	107,900.00	107,900.00	107,834.20	65.80
Undist. Expend. - Required Maint for School Fac.	52,237.00	(17,650.00)	34,587.00	19,722.00	14,865.00
Student Transp - Non-Inst Equip		189,345.36	189,345.36	189,345.36	189,345.36
Total Equipment	199,239.00	132,593.36	331,832.36	127,556.20	204,276.16
Facilities acquisition and construction services:					
Lease Purchase Agreements - Principal	125,000.00	(125,000.00)	\$	\$	
Assessment for Debt Service on SDA Funding	47,744.00		47,744.00	47,744.00	
Total facilities acquis. and const. services	172,744.00	(125,000.00)	47,744.00	47,744.00	
TOTAL CAPITAL OUTLAY	371,983.00	7,593.36	379,576.36	175,300.20	204,276.16
Transfer of Funds to Charter Schools	50,000.00		50,000.00	40,187.00	9,813.00
TOTAL EXPENDITURES	27,001,094.00	(0.00)	27,001,094.00	27,409,976.75	(408,882.75)
Excess (deficiency) of revenues over (under) expenditures	(703,442.00)		(703,442.00)	2,076,974.22	2,780,416.22

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE/</u> <u>(UNFAVORABLE)</u>
Excess of Revenues and other Financing Sources Over Expenditures and Other Expenditures and other Financing Sources	\$ (703,442.00) \$	\$	(703,442.00) \$	2,076,974.22 \$	2,780,416.22
Fund balances, July 1	<u>4,236,570.57</u>		<u>4,236,570.57</u>	<u>4,236,570.57</u>	
Fund balances, June 30	<u>\$ 3,533,128.57</u>	<u>\$</u>	<u>\$ 3,533,128.57</u>	<u>\$ 6,313,544.79</u>	<u>\$ 2,780,416.22</u>

Recapitulation:

Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 592,727.00	
Excess Surplus - Current Year				1,001,950.92	
Maintenance Reserve				1,634,070.00	
Capital Reserve				1,612,384.53	
Assigned:					
Designated for Subsequent Year's Expenditures				442,089.00	
Encumbrances				494,566.23	
Unassigned				<u>535,757.11</u>	
				<u>6,313,544.79</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(605,898.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,707,646.79</u>	

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$ 76,062.00	\$ 13,127.00	\$ 89,189.00	\$ 77,612.00	\$ (11,577.00)
Federal sources	505,979.00	58,053.00	564,032.00	543,587.81	(20,444.19)
Other sources	<u> </u>	<u>46,791.78</u>	<u>46,791.78</u>	<u>20,377.00</u>	<u>(26,414.78)</u>
Total revenues	<u>582,041.00</u>	<u>117,971.78</u>	<u>700,012.78</u>	<u>641,576.81</u>	<u>(58,435.97)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	97,091.00	(4,990.00)	92,101.00	90,000.80	2,100.20
Tuition	314,500.00	29,865.00	344,365.00	339,253.00	5,112.00
Supplies and materials	29,803.00	51,818.93	81,621.93	64,786.42	16,835.51
Textbooks	10,491.00	0.27	10,491.27	10,113.00	378.27
Other Objects	<u> </u>	<u>2,698.70</u>	<u>2,698.70</u>	<u>1,500.00</u>	<u>1,198.70</u>
Total instruction	<u>451,885.00</u>	<u>79,392.90</u>	<u>531,277.90</u>	<u>505,653.22</u>	<u>25,624.68</u>
Support services:					
Personal services - employee benefits	23,552.00	(3,409.00)	20,143.00	20,143.00	
Purchased professional - technical services	45,613.00	(7,865.00)	37,748.00	36,496.00	1,252.00
Purchased professional - educational services	56,471.00	13,127.00	69,598.00	58,699.00	10,899.00
Other purchased services	3,212.00	3,646.00	6,858.00	1,708.59	5,149.41
Miscellaneous expenditures	<u>1,308.00</u>	<u>25,578.00</u>	<u>26,886.00</u>	<u>18,877.00</u>	<u>8,009.00</u>
Total support services	<u>130,156.00</u>	<u>31,077.00</u>	<u>161,233.00</u>	<u>135,923.59</u>	<u>25,309.41</u>
Facilities acquisition and construction services:					
Instructional equipment		1,250.00	1,250.00		1,250.00
Non-Instructional equipment		<u>6,251.88</u>	<u>6,251.88</u>		<u>6,251.88</u>
Total facilities acquisition and construction serv.		<u>7,501.88</u>	<u>7,501.88</u>		<u>7,501.88</u>
Total expenditures	<u>582,041.00</u>	<u>117,971.78</u>	<u>700,012.78</u>	<u>641,576.81</u>	<u>58,435.97</u>
Excess (deficiency) of revenues over (under) expenditures					

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$29,486,950.97	\$641,576.81
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Grants		(19,038.00)
Federal Grants		(8,768.75)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(605,898.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	599,551.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$29,480,603.97</u>	<u>\$613,770.06</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$27,409,976.75	\$641,576.81
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(27,806.75)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$27,409,976.75</u>	<u>\$613,770.06</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)	District's		District's Proportion Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
		Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll				
2014	N/A			6,822,746 \$	2,369,131	287.99%	48.72%
2015	0.0340267962%	6,370,747	2,373,474			268.41%	52.08%
2016	0.0339529140%	7,621,749	2,362,225			322.65%	47.92%
2017	0.0329299531%	9,752,908	2,293,443			425.25%	40.14%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2017	\$ 294,008	\$ (294,008)	\$ -0-	\$ 2,293,443	12.82%
2016	292,545	(292,545)	-0-	2,309,179	12.67%
2015	291,904	(291,904)	-0-	2,362,225	12.36%
2014	280,512	(280,512)	-0-	2,373,474	11.82%
2013	268,983	(268,983)	-0-	2,369,131	11.35%
2012	275,418	(275,418)	-0-	2,445,731	11.26%
2011	287,033	(287,033)	-0-	2,439,212	11.77%
2010	273,386	(273,386)	-0-	2,521,679	10.84%
2009	216,959	(216,959)	-0-	2,440,404	8.89%
2008	171,712	(171,712)	-0-	2,338,100	7.34%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.1158258323%	\$ -0-	61,905,138	33.64%
2016	0.1211303487%	-0-	76,559,553	28.71%
2017	0.1176426542%	-0-	92,545,202	22.33%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become 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.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Public Employees Retirement System

Change in benefit terms: None

Change in assumptions: The discount rate changed from 4.90% to 3.98% as of
June 30, 2016.

Teacher Pension and Annuity Fund

Change in benefit terms: None

Change in assumptions: The discount rate changed from 4.13% to 3.22% as of
June 30, 2016.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>TITLE I</u>	<u>TITLE II A</u>	<u>IDEA PART B</u>	<u>IDEA PRESCHOOL</u>	<u>NON- PUBLIC TEXTBOOKS</u>
REVENUES:					
State sources	\$	\$	\$	\$	\$
Federal sources	125,429.96	13,517.59	385,531.46	19,108.80	10,113.00
Other sources					
Total revenues	\$ 125,429.96	\$ 13,517.59	\$ 385,531.46	\$ 19,108.80	\$ 10,113.00
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 72,250.00	\$	\$	17,750.80	\$
Tuition			339,253.00		
Supplies and materials	34,394.96		21,591.46		10,113.00
Textbooks					
Other Objects					
Total instruction	106,644.96		360,844.46	17,750.80	10,113.00
Support services:					
Personal services - employee benefits	18,785.00			1,358.00	
Purchased professional - technical services		11,809.00	24,687.00		
Purchased professional - educational services					
Other purchased services		1,708.59			
Miscellaneous expenditures					
Total support services	18,785.00	13,517.59	24,687.00	1,358.00	
Total expenditures	\$ 125,429.96	\$ 13,517.59	\$ 385,531.46	\$ 19,108.80	\$ 10,113.00

(Continued on next page)

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	NON - PUBLIC COMP. EDUCATION	NON - PUBLIC TRANSPORTATION	EXAMINATION & CLASSIFICATION	NON-PUBLIC SPEECH	NON-PUBLIC HOME SUPPLEMENTAL
REVENUES:					
State sources	\$ 17,916.00	\$ 3,295.00	5,408.00	6,185.00	5,493.00
Federal sources					
Other sources					
Total revenues	\$ 17,916.00	\$ 3,295.00	\$ 5,408.00	\$ 6,185.00	\$ 5,493.00
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$	\$	\$	\$	
Tuition					
Supplies and materials					
Textbooks					
Other Objects					
Total instruction					
Support services:					
Personal services - employee benefits					
Purchased professional - technical services	17,916.00	3,295.00	5,408.00	6,185.00	5,493.00
Purchased professional - educational services					
Other purchased services					
Miscellaneous expenditures					
Total support services	17,916.00	3,295.00	5,408.00	6,185.00	5,493.00
Total expenditures	\$ 17,916.00	\$ 3,295.00	\$ 5,408.00	\$ 6,185.00	\$ 5,493.00

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>NON-PUBLIC NURSING</u>	<u>NON-PUBLIC SECURITY</u>	<u>NON-PUBLIC TECHNOLOGY INITIATIVE</u>	<u>OTHER LOCAL GRANTS</u>	<u>TOTAL</u>
REVENUES:					
State sources	\$ 15,862.00	\$ 8,800.00	\$ 4,540.00		\$ 28,702.00
Federal sources					
Other sources				20,377.00	20,377.00
Total revenues	<u>\$ 15,862.00</u>	<u>\$ 8,800.00</u>	<u>\$ 4,540.00</u>	<u>\$ 20,377.00</u>	<u>\$ 49,119.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers					90,000.80
Tuition					339,253.00
General supplies		8,800.00			64,786.42
Textbooks					10,113.00
Other Objects				1,500.00	1,500.00
Total instruction		<u>8,800.00</u>		<u>1,500.00</u>	<u>505,653.22</u>
Support services:					
Personal services - employee benefits					20,143.00
Purchased professional - technical services					36,496.00
Purchased professional - educational services	15,862.00		4,540.00		58,699.00
Other purchased services					1,708.59
Miscellaneous expenditures				18,877.00	18,877.00
Total support services	<u>15,862.00</u>		<u>4,540.00</u>	<u>18,877.00</u>	<u>135,923.59</u>
Total expenditures	<u>\$ 15,862.00</u>	<u>\$ 8,800.00</u>	<u>\$ 4,540.00</u>	<u>\$ 20,377.00</u>	<u>\$ 641,576.81</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Expenditures and Other Financing Uses:	
Architectural Services	\$128,483.67
Construction services	3,926,371.62
Equipment	314,075.08
Total expenditures	<u>4,368,930.37</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,368,930.37)</u>
Fund balance - beginning	<u>5,859,553.00</u>
Fund balance - ending	<u><u>\$1,490,622.63</u></u>
Fund Balance - budgetary basis	\$1,490,622.63
Less: ROD Grants not recognized under GAAP	<u>(\$182,287.16)</u>
Fund Balance - GAAP basis (B-1)	<u><u>\$1,308,335.47</u></u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 TELECOMMUNICATIONS SYSTEM - G. AUSTIN SCHOENLY ELEMENTARY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$6,696.00		\$6,696.00	\$6,696.00
Bond proceeds and transfers	10,043.00	\$7,282.56	17,325.56	17,325.56
Total revenues	<u>16,739.00</u>	<u>7,282.56</u>	<u>24,021.56</u>	<u>24,021.56</u>
Expenditures and Other Financing Uses:				
Equipment	15,942.00	8,079.56	24,021.56	24,021.56
Total expenditures	<u>15,942.00</u>	<u>8,079.56</u>	<u>24,021.56</u>	<u>24,021.56</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$797.00</u>	<u>(\$797.00)</u>	<u>\$0.00</u>	

Additional project information:

Project Number	4970-060-14-1007
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$10,043.00
Bonds Issued	\$10,043.00
Original Authorized Cost	\$16,739.00
Additional Authorized Cost	7,282.56
Revised Authorized Cost	\$24,021.56
Percentage Increase over Original Authorized Cost	43.51%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
TELECOMMUNICATIONS SYSTEM - RAYMOND B. APPLEBY ELEMENTARY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$9,327.00		\$9,327.00	\$9,327.00
Bond proceeds and transfers	13,990.00	\$10,144.62	24,134.62	24,134.62
Total revenues	<u>23,317.00</u>	<u>10,144.62</u>	<u>33,461.62</u>	<u>33,461.62</u>
Expenditures and Other Financing Uses:				
Equipment	22,207.00	11,254.62	33,461.62	33,461.62
Total expenditures	<u>22,207.00</u>	<u>11,254.62</u>	<u>33,461.62</u>	<u>33,461.62</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,110.00</u>	<u>(\$1,110.00)</u>	<u>\$0.00</u>	

Additional project information:

Project Number	4970-050-14-1006
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$13,990.00
Bonds Issued	\$13,990.00
Original Authorized Cost	\$23,317.00
Additional Authorized Cost	\$10,144.62
Revised Authorized Cost	\$33,461.62

Percentage increase over Original Authorized Cost	43.51%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 TELECOMMUNICATIONS SYSTEM - SPOTSWOOD MEMORIAL MIDDLE SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$8,676.00		\$8,676.00	\$8,676.00
Bond proceeds and transfers	13,013.00	\$9,435.82	22,448.82	22,448.82
Total revenues	<u>21,689.00</u>	<u>9,435.82</u>	<u>31,124.82</u>	<u>31,124.82</u>
Expenditures and Other Financing Uses:				
Equipment	20,656.00	10,468.82	31,124.82	31,124.82
Total expenditures	<u>20,656.00</u>	<u>10,468.82</u>	<u>31,124.82</u>	<u>31,124.82</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,033.00</u>	<u>(\$1,033.00)</u>	<u>\$0.00</u>	

Additional project information:

Project Number	4970-050-14-1008
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$13,990.00
Bonds Issued	\$13,990.00
Original Authorized Cost	\$21,689.00
Additional Authorized Cost	\$9,435.82
Revised Authorized Cost	\$31,124.82
Percentage Increase over Original Authorized Cost	43.51%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 TELECOMMUNICATIONS SYSTEM - SPOTSWOOD HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$59,104.00		\$59,104.00	\$59,104.00
Bond proceeds and transfers	88,655.00	\$64,284.49	152,939.49	152,939.49
Total revenues	<u>147,759.00</u>	<u>64,284.49</u>	<u>212,043.49</u>	<u>212,043.49</u>
Expenditures and Other Financing Uses:				
Equipment	140,723.00	71,320.49	212,043.49	212,043.49
Total expenditures	<u>140,723.00</u>		<u>212,043.49</u>	<u>212,043.49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$7,036.00</u>	<u>\$64,284.49</u>	<u>\$0.00</u>	<u>\$0.00</u>

Additional project information:

Project Number	4970-050-14-1005
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$88,655.00
Bonds Issued	\$88,655.00
Original Authorized Cost	\$147,759.00
Additional Authorized Cost	\$64,284.49
Revised Authorized Cost	\$212,043.49
Percentage Increase over Original Authorized Cost	43.51%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 HVAC/SERVER ROOM SPOTSWOOD HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$79,440.00		\$79,440.00	\$79,440.00
Bond proceeds and transfers	119,160.00		119,160.00	119,160.00
Total revenues	<u>198,600.00</u>	<u>0.00</u>	<u>198,600.00</u>	<u>198,600.00</u>
Expenditures and Other Financing Uses:				
Architectural Services	3,755.00		3,755.00	3,800.00
Construction services		98,590.00	98,590.00	194,800.00
Total expenditures	<u>3,755.00</u>	<u>98,590.00</u>	<u>102,345.00</u>	<u>198,600.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$194,845.00</u>	<u>(\$98,590.00)</u>	<u>\$96,255.00</u>	<u>\$0.00</u>

Additional project information:

Project Number	4970-050-14-1003
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$119,160.00
Bonds Issued	\$119,160.00
Original Authorized Cost	\$198,600.00
Additional Authorized Cost	
Revised Authorized Cost	\$198,600.00

Percentage increase over Original Authorized Cost	0.00%
Percentage completion	99.00%
Original target completion date	9/30/2016
Revised target completion date	12/31/2017

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 ROOF REPLACEMENT - HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State sources - SDA grant	\$728,552.00		\$728,552.00	\$728,552.00
Bond Proceeds	1,092,827.00	(133,849.09)	958,977.91	958,977.91
Total revenues	<u>1,821,379.00</u>	<u>(133,849.09)</u>	<u>1,687,529.91</u>	<u>1,687,529.91</u>
Expenditures and Other Financing Uses:				
Architectural Services	56,654.00	8,946.00	65,600.00	70,000.00
Construction services	668,115.00	\$729,859.10	1,397,974.10	1,617,529.91
Total expenditures	<u>724,769.00</u>	<u>738,805.10</u>	<u>1,463,574.10</u>	<u>1,687,529.91</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,096,610.00</u>	<u>(\$872,654.19)</u>	<u>\$223,955.81</u>	

Additional project information:

Project Number	4970-050-14-1001
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$1,092,827.00
Bonds Issued	\$1,092,827.00
Original Authorized Cost	\$1,821,379.00
Additional Authorized Cost	(\$133,849.09)
Revised Authorized Cost	\$1,687,529.91

Percentage increase over Original Authorized Cost	-7.35%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
ROOF REPLACEMENT - MEMORIAL MIDDLE SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State sources - SDA grant	\$228,680.00		\$228,680.00	\$228,680.00
Bond Proceeds	343,020.00		343,020.00	343,020.00
Total revenues	<u>571,700.00</u>		<u>571,700.00</u>	<u>571,700.00</u>
Expenditures and Other Financing Uses:				
Architectural Services	19,421.00	2,765.00	22,186.00	24,000.00
Construction services	213,101.00	\$243,608.50	456,709.50	547,700.00
Total expenditures	<u>232,522.00</u>	<u>246,373.50</u>	<u>478,895.50</u>	<u>571,700.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$339,178.00</u>	<u>(\$246,373.50)</u>	<u>\$92,804.50</u>	<u>\$0.00</u>

Additional project information:

Project Number	4970-050-14-1002
Grant Date	09/08/16
Bond Authorization Date	11/03/15
Bonds Authorized	\$343,020.00
Bonds Issued	\$343,020.00
Original Authorized Cost	\$571,700.00
Additional Authorized Cost	
Revised Authorized Cost	\$571,700.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 SCHOOL IMPROVEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	5,328,450.00	9,975.60	5,338,425.60	5,338,425.00
Total revenues	<u>5,328,450.00</u>	<u>9,975.60</u>	<u>5,338,425.60</u>	<u>5,338,425.00</u>
Expenditures and Other Financing Uses:				
Architectural Services	300,473.00	113,580.67	414,053.67	420,000.00
Legal	35,622.00		35,622.00	36,000.00
Construction services	1,444,000.00	\$2,853,816.00	4,297,816.00	4,797,425.00
Equipment		\$51,225.60	51,225.60	52,000.00
Other	32,635.00		32,635.00	33,000.00
Total expenditures	<u>1,812,730.00</u>	<u>3,018,622.27</u>	<u>4,831,352.27</u>	<u>5,338,425.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$3,515,720.00</u>	<u>(\$3,008,646.67)</u>	<u>\$507,073.33</u>	<u>\$0.00</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/03/15
Bonds Authorized	\$5,328,450.00
Bonds Issued	\$5,328,450.00
Original Authorized Cost	\$5,328,450.00
Additional Authorized Cost	9,975.00
Revised Authorized Cost	\$5,338,425.00

Percentage increase over Original Authorized Cost	0.19%
Percentage completion	99.00%
Original target completion date	12/31/2016
Revised target completion date	12/31/2017

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 SECURITY CAMERAS AND SERVER UPGRADES
 FOR THE YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond proceeds	129,000.00	32,726.00	161,726.00	161,726.00
Total revenues	<u>129,000.00</u>	<u>32,726.00</u>	<u>161,726.00</u>	<u>161,726.00</u>
Expenditures and Other Financing Uses:				
Equipment		\$161,726.00	161,726.00	161,726.00
Total expenditures	0.00	<u>161,726.00</u>	<u>161,726.00</u>	<u>161,726.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$129,000.00</u>	<u>(\$129,000.00)</u>	<u>\$0.00</u>	<u>\$0.00</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/03/15
Bonds Authorized	\$129,000.00
Bonds Issued	\$129,000.00
Original Authorized Cost	\$129,000.00
Additional Authorized Cost	32,726.00
Revised Authorized Cost	\$161,726.00

Percentage Increase over Original Authorized Cost	25.37%
Percentage completion	100.00%
Original target completion date	12/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
BLEACHERS AND PRESSBOX REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$903,000.00		\$903,000.00	\$903,000.00
Total revenues	<u>903,000.00</u>		<u>903,000.00</u>	<u>903,000.00</u>
Expenditures and Other Financing Uses:				
Architectural Services	11,205.00		11,205.00	12,000.00
Construction services	499,413.00	498.02	499,911.02	891,000.00
Total expenditures	<u>510,618.00</u>	<u>498.02</u>	<u>511,116.02</u>	<u>903,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$392,382.00</u>	<u>(\$498.02)</u>	<u>\$391,883.98</u>	<u>\$0.00</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/03/15
Bonds Authorized	\$903,000.00
Bonds Issued	\$903,000.00
Original Authorized Cost	\$903,000.00
Additional Authorized Cost	
Revised Authorized Cost	\$903,000.00
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100.00%
Original target completion date	8/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
 FIRE ALARM UPGRADES
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$181,842.00		\$181,842.00	\$181,842.00
Total revenues	181,842.00		181,842.00	181,842.00
Expenditures and Other Financing Uses:				
Architectural Services		3,192.00	3,192.00	5,000.00
Equipment				176,842.00
Total expenditures		3,192.00	3,192.00	181,842.00
Excess (deficiency) of revenues over (under) expenditures	\$181,842.00	(\$3,192.00)	\$178,650.00	

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	11/03/15
Bonds Authorized	\$181,842.00
Bonds Issued	\$181,842.00
Original Authorized Cost	\$181,842.00
Additional Authorized Cost	
Revised Authorized Cost	\$181,842.00

Percentage Increase over Original Authorized Cost

Percentage completion	100.00%
Original target completion date	12/31/2016
Revised target completion date	12/31/2016

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
 AS OF JUNE 30, 2017

ISSUE/PROJECT TITLE	APPROPRIATIONS	EXPENDITURES TO DATE		(MEMO ONLY) UNEXPENDED PROJECT BALANCE
		PRIOR YEAR	CURRENT YEAR	
Telecommunications System: G. Austin Schoenly Elementary School	\$24,021.56	\$15,942.00	\$8,079.56	
Telecommunications System: E. Raymond Appleby Elementary School	33,461.62	22,207.00	11,254.62	
Telecommunications System: Spotswood Memorial School	31,124.82	20,656.00	10,468.82	
Telecommunications System: Spotswood High School	212,043.49	140,723.00	71,320.49	
HVAC Server Room: High School	198,600.00	3,755.00	98,590.00	96,255.00
RoofReplacement: High School	1,687,529.91	724,769.00	738,805.10	223,955.81
RoofReplacement: Spotswood Memorial School	571,700.00	232,522.00	246,373.50	92,804.50
School Improvements	5,338,425.60	1,812,730.00	3,018,622.26	507,073.34
Security Cameras and Server Upgrades	161,726.00		161,726.00	
Bleacher and Pressbox Replacement	903,000.00	510,618.00	498.02	391,883.98
Fire Alarm Upgrades	181,842.00		3,192.00	178,650.00
Totals	\$9,343,475.00	\$3,483,922.00	\$4,368,930.36	\$1,490,622.63

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICES FUND:

This fund provides for the operation of Food services within the school district.

S.T.E.A.M. FUND

This fund provides for the operation of a Science, Technology, Engineering, Art & Design and Mathematics Camp within the school district.

C.A.R.E.S. FUND

This fund provides for the operation of a Children's After School Recreation and Enrichment Program within the school district.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUNDS C.A.R.E.S.	FOOD SERVICE	NON-MAJOR S.T.E.A.M.	NON-MAJOR	
ASSETS:					
Current assets:					
Cash and cash equivalents	\$313,287.43		\$12,289.99	\$12,289.99	\$325,577.42
Accounts receivable:					
State		244.48		244.48	244.48
Federal		6,628.52		6,628.52	6,628.52
Other		64,085.72		64,085.72	64,085.72
Intrafund		475.00		475.00	475.00
Inventories		3,887.87		3,887.87	3,887.87
Total current assets	313,287.43	75,321.59	12,289.99	87,611.58	400,899.01
Noncurrent assets:					
Furniture, machinery & equipment		230,162.86		230,162.86	230,162.86
Less accumulated depreciation		(154,886.60)		(154,886.60)	(154,886.60)
Total noncurrent assets		75,276.26		75,276.26	75,276.26
Total assets	313,287.43	150,597.85	12,289.99	162,887.84	476,175.27
LIABILITIES:					
Current liabilities:					
Cash (Deficit)		421.09		421.09	421.09
Intrafund payable	475.00				475.00
Unearned revenue	66,331.00	3,274.18	10,000.00	13,274.18	79,605.18
Accounts payable	155.71	5,690.25		5,690.25	5,845.96
Total current liabilities	66,961.71	9,385.52	10,000.00	19,385.52	86,347.23
Total liabilities	66,961.71	9,385.52	10,000.00	19,385.52	86,347.23
NET POSITION:					
Net investment in capital assets		75,276.26		75,276.26	75,276.26
Unrestricted	246,325.72	65,936.07	2,289.99	68,226.06	314,551.78
Total net position	\$246,325.72	\$141,212.33	\$2,289.99	\$143,502.32	\$389,828.04

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				TOTAL
	MAJOR FUNDS C.A.R.E.S.	NON-MAJOR FOOD SERVICE	NON-MAJOR S.T.E.A.M.	NON-MAJOR	
OPERATING REVENUES:					
Charges for services:					
Daily sales - reimbursable programs		\$195,257.86		\$195,257.86	\$195,257.86
Daily sales - non-reimbursable programs		79,163.77		79,163.77	79,163.77
Special functions		9,718.23		9,718.23	9,718.23
Fees - individuals	\$386,623.25		\$10,750.00	10,750.00	397,373.25
Total operating revenues	386,623.25	284,139.86	10,750.00	294,889.86	681,513.11
OPERATING EXPENSES:					
Cost of sales - reimbursable		142,283.83		142,283.83	142,283.83
Cost of sales - non-reimbursable		34,851.17		34,851.17	34,851.17
Salaries	292,931.40	181,977.52	6,931.50	188,909.02	481,840.42
Employee benefits		53,008.00		53,008.00	53,008.00
Other purchase services	535.00	16,678.00		16,678.00	17,213.00
Supplies and materials	14,734.81	33,973.74	1,528.51	35,502.25	50,237.06
Repairs		8,085.56		8,085.56	8,085.56
Management Fee		18,984.95		18,984.95	18,984.95
Miscellaneous	13,495.52	9,083.42		9,083.42	22,578.94
Depreciation		5,438.34		5,438.34	5,438.34
Total operating expenses	321,696.73	504,364.53	8,460.01	512,824.54	834,521.27
Operating income (loss)	64,926.52	(220,224.67)	2,289.99	(217,934.68)	(153,008.16)
NONOPERATING REVENUES (EXPENSES):					
State sources					
State school lunch program		4,331.09		4,331.09	4,331.09
Federal sources:					
National school lunch program		112,015.22		112,015.22	112,015.22
Supplemental Nutrition Assistance Program		5,830.20		5,830.20	5,830.20
Commissions/rebates		92,008.25		92,008.25	92,008.25
National food distribution commodities		16,472.16		16,472.16	16,472.16
Total nonoperating revenues		230,656.92		230,656.92	230,656.92
Income before contributions & transfers	64,926.52	10,432.25	2,289.99	12,722.24	77,648.76
Total net position - beginning	181,399.20	130,780.08		130,780.08	312,179.28
Total net position - ending	\$246,325.72	\$141,212.33	\$2,289.99	\$143,502.32	\$389,828.04

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			
	MAJOR FUNDS C.A.R.E.S.	NON-MAJOR FOOD SERVICE	S.I.E.A.M.	TOTAL NON-MAJOR
Cash flows from operating activities:				
Receipts from customers	\$391,012.25	\$284,655.80	\$10,500.00	\$295,155.80
Payments to employees	(292,931.40)	(221,069.12)	(6,931.50)	(228,000.62)
Payments to employee benefits				
Payments to suppliers	(28,609.62)	(229,279.40)	(1,528.51)	(230,807.91)
Net cash provided by (used for) operating activities	69,471.23	(165,692.72)	2,039.99	(163,652.73)
Cash flows from noncapital financing activities:				
State sources		4,938.08		4,938.08
Federal sources		134,420.59		134,420.59
Net cash provided by noncapital financing activities		139,358.67		139,358.67
Cash flows from capital and related financing activities:				
Purchases of capital assets		(74,971.20)		(74,971.20)
Net cash provided by (used for) capital and related financing activities		(74,971.20)		(74,971.20)
Net increase (decrease) in cash and cash equivalents	69,471.23	(101,305.25)	2,039.99	(99,265.26)
Cash and cash equivalents, July 1, 2016	243,816.20	100,884.16	10,250.00	111,134.16
Cash and cash equivalents, June 30, 2017	\$313,287.43	(\$421.09)	\$12,289.99	\$11,868.90
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$64,926.52	(\$220,224.67)	\$2,289.99	(\$217,934.68)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation				
Federal commodities		5,438.34		5,438.34
Change in assets and liabilities:		16,472.16		16,472.16
Increase (decrease) in unearned revenue	4,389.00	617.44	(250.00)	367.44
Increase (decrease) in accounts payable	155.71	31,329.88		31,329.88
(Increase) decrease in inventories	4,544.71	674.13	(250.00)	674.13
Net cash provided by (used for) operating activities	\$69,471.23	(\$165,692.72)	\$2,039.99	(\$163,652.73)
				\$325,156.33
				(153,008.16)
				5,438.34
				16,472.16
				4,756.44
				31,485.59
				674.13
				58,826.66
				(\$94,181.50)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Unemployment Compensation Insurance Trust Fund: This expendable trust fund is used to pay unemployment compensation claims as they arise.

Agency Funds are used to account for assets held by the district as an agent for another party:

Student Activity Fund : This agency fund is used to account for student funds held at the schools.

Payroll Fund: This agency fund is used to account for the payroll transactions of the school district.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTAL AGENCY FUNDS	UNEMPLOYMENT COMPENSATION TRUST FUND	TOTAL TRUST FUNDS	JUNE 30 2017
ASSETS:						
Cash and cash equivalents	\$227,025.73	\$623,989.02	\$851,014.75	\$198,042.66	\$198,042.66	\$1,049,057.41
Intrafunds Receivable				32,862.16	32,862.16	32,862.16
Total assets	<u>\$227,025.73</u>	<u>\$623,989.02</u>	<u>\$851,014.75</u>	<u>\$230,904.82</u>	<u>\$230,904.82</u>	<u>\$1,081,919.57</u>
LIABILITIES:						
Interfunds Payable		\$6,189.66	\$6,189.66			\$6,189.66
Intrafund Payable		32,862.16	32,862.16			32,862.16
Payroll deductions and withholdings		16,144.41	16,144.41			16,144.41
Flexible Spending Account		1,954.10	1,954.10			1,954.10
Wages payable - Summer Payroll		566,838.69	566,838.69			566,838.69
Due to student groups	\$227,025.73		227,025.73			227,025.73
Total liabilities	<u>\$227,025.73</u>	<u>\$623,989.02</u>	<u>\$851,014.75</u>			<u>851,014.75</u>
NET POSITION:						
Held in trust for unemployment claims and other purposes				\$230,904.82	\$230,904.82	230,904.82
Total net position	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>\$230,904.82</u>	<u>\$230,904.82</u>	<u>\$230,904.82</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	STATE UNEMPLOYMENT COMPENSATION <u>TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:		
Contributions:		
From Employees	\$26,404.37	\$26,404.37
Total contributions	<u>26,404.37</u>	<u>26,404.37</u>
Total additions	<u>26,404.37</u>	<u>26,404.37</u>
DEDUCTIONS:		
Unemployment claims	25,589.14	25,589.14
Total deductions	<u>25,589.14</u>	<u>25,589.14</u>
Change in net position	815.23	815.23
Net position beginning of year	230,089.59	230,089.59
Net position end of year	<u>\$230,904.82</u>	<u>\$230,904.82</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> <u>JUNE 30, 2016</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
Elementary Schools				
Appleby	\$14,047.60	\$52,983.55	\$57,800.80	\$9,230.35
Schoenly	11,574.75	11,324.40	9,617.96	13,281.19
	<u>25,622.35</u>	<u>64,307.95</u>	<u>67,418.76</u>	<u>22,511.54</u>
Middle Schools				
Memorial School	17,756.36	32,334.90	34,611.15	15,480.11
	<u>17,756.36</u>	<u>32,334.90</u>	<u>34,611.15</u>	<u>15,480.11</u>
High Schools:				
Spotswood High School	131,217.78	301,097.56	308,185.86	124,129.48
Athletic Fund	42,779.51	149,636.18	127,511.09	64,904.60
	<u>173,997.29</u>	<u>450,733.74</u>	<u>435,696.95</u>	<u>189,034.08</u>
Grand Total	<u>\$217,376.00</u>	<u>\$547,376.59</u>	<u>\$537,726.86</u>	<u>\$227,025.73</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BALANCE</u> JUNE 30, 2016	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> JUNE 30, 2017
ASSETS:				
Cash and cash equivalents	\$777,534.92	\$18,295,589.91	\$18,449,135.81	\$623,989.02
Total assets	<u>\$777,534.92</u>	<u>\$18,295,589.91</u>	<u>\$18,449,135.81</u>	<u>\$623,989.02</u>
LIABILITIES:				
Interfunds payable	\$6,189.66			\$6,189.66
Intrafund Payable	\$64,311.00		\$31,448.84	32,862.16
Payroll deductions and withholdings	144,785.11	17,728,856.55	17,857,497.25	16,144.41
Flexible Spending Account	1,954.10			1,954.10
Wages payable - summer payroll	560,295.05	566,733.36	560,189.72	566,838.69
Total liabilities	<u>\$777,534.92</u>	<u>\$18,295,589.91</u>	<u>\$18,449,135.81</u>	<u>\$623,989.02</u>

LONG-TERM LIABILITIES SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2017

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JULY 1, 2016	RETIRED	BALANCE JUNE 30, 2017			
			DATE	AMOUNT							
Refunding School Bonds	5/16/2011	\$ 7,135,000.00	01/15/18	\$ 595,000.00	2.63%						
			01/15/19	605,000.00	3.00%						
			01/15/20	615,000.00	3.49%						
			01/15/21	625,000.00	4.65%						
			01/15/22	650,000.00	4.00%						
			01/15/23	665,000.00	4.25%						
			01/15/24	675,000.00	4.25%	5,010,000.00	580,000.00	4,430,000.00			
School Energy Savings Obligation Refunding Bonds	4/24/2012	2,630,000.00	04/01/18	135,000.00	2.00%						
			04/01/19	145,000.00	2.00%						
			04/01/20	155,000.00	2.25%						
			04/01/21	165,000.00	2.25%						
			04/01/22	180,000.00	2.25%						
			04/01/23	195,000.00	3.75%						
			04/01/24	210,000.00	3.75%						
			04/01/25	230,000.00	3.75%						
			04/01/26	245,000.00	3.75%						
			04/01/27	265,000.00	3.75%	2,050,000.00	125,000.00	1,925,000.00			
			School Bond, Series 2016	1/7/2016	8,223,000.00	09/01/17	265,000.00	2.00%			
						09/01/18	275,000.00	2.00%			
						09/01/19	280,000.00	2.00%			
09/01/20	300,000.00	2.00%									
09/01/21	300,000.00	2.00%									
09/01/22	300,000.00	2.00%									
09/01/23	300,000.00	2.00%									
09/01/24	500,000.00	2.00%									
09/01/25	500,000.00	2.00%									
09/01/26	500,000.00	2.00%									
09/01/27	525,000.00	2.25%									
09/01/28	525,000.00	2.25%									
09/01/29	525,000.00	2.38%									
09/01/30	525,000.00	3.00%									
09/01/31	525,000.00	3.00%									
09/01/32	525,000.00	3.00%									
09/01/33	525,000.00	3.00%									
09/01/34	525,000.00	3.00%									
09/01/35	503,000.00	3.00%	8,223,000.00		8,223,000.00						
\$ 15,283,000.00						\$ 705,000.00	\$ 14,578,000.00				

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2017

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2016</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2017</u>
<u>Governmental Funds</u>					
2013-2014 Alliance Bus Group - School Bus	2.950%	57,314.00	23,303.32 \$	11,482.30 \$	11,821.02
2016 Truck King International - School Buses	2.060%	334,905.00	334,905.00	67,297.13	267,607.87
Grand Total			<u>358,208.32 \$</u>	<u>78,779.43 \$</u>	<u>279,428.89</u>

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Local sources:					
Local tax levy	\$940,801.00		\$940,801.00	\$940,801.00	
State sources:					
Debt service aid type II	46,986.00		46,986.00	46,986.00	
Total revenues	<u>987,787.00</u>		<u>987,787.00</u>	<u>987,787.00</u>	
EXPENDITURES:					
Regular debt service:					
Interest	407,787.00		407,787.00	407,787.00	
Redemption of principal	580,000.00		580,000.00	580,000.00	
Total regular debt service-expenditures	<u>987,787.00</u>		<u>987,787.00</u>	<u>987,787.00</u>	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1	<u>179,588.00</u>		<u>179,588.00</u>	<u>179,588.00</u>	
Fund balance, June 30	<u>\$179,588.00</u>		<u>\$179,588.00</u>	<u>\$179,588.00</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION - UNAUDITED

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$10,921,358.50	\$10,248,069.00	\$10,474,046.00	\$10,472,674.00	\$10,401,006.00	\$9,274,773.00	\$8,730,524.00	\$8,405,875.00	\$7,934,811.00	\$7,754,182.00
Restricted	4,775,509.73	3,883,006.00	2,131,006.00	1,125,861.00	859,010.00	2,338,662.00	2,050,004.00	1,464,885.00	1,802,712.00	2,129,345.00
Unrestricted (deficit)	(7,380,844.85)	(7,735,263.00)	(7,595,382.00) a	(400,529.00)	(209,416.00)	(195,248.00)	(159,403.00)	(455,629.00)	(611,050.00)	(409,625.00)
Total governmental activities net position	\$8,316,023.38	\$6,395,812.00	\$5,009,670.00	\$11,198,006.00	\$11,050,600.00	\$11,418,187.00	\$10,621,125.00	\$9,415,131.00	\$9,126,473.00	\$9,473,902.00
Business-type activities										
Invested in capital assets	\$75,276.26	\$5,712.00	\$7,642.00	\$2,592.00	\$4,812.00	\$7,032.00	\$9,252.00			
Net of related debt	314,551.78	306,436.00	381,649.00	404,846.00	509,465.00	468,337.00	357,029.00	266,616.00	222,264.00	214,541.00
Unrestricted	\$389,828.04	\$312,148.00	\$389,291.00	\$407,438.00	\$514,277.00	\$475,369.00	\$366,281.00	\$266,616.00	\$222,264.00	\$214,541.00
Total business-type activities net position										
District-wide										
Net investment in capital assets	\$10,996,634.76	\$10,253,781.00	\$10,481,688.00	\$10,475,266.00	\$10,405,818.00	\$9,281,805.00	\$8,739,776.00	\$8,405,875.00	\$7,934,811.00	\$7,754,182.00
Restricted	4,775,509.73	3,883,006.00	2,131,006.00	1,125,861.00	859,010.00	2,338,662.00	2,050,004.00	1,464,885.00	1,802,712.00	2,129,345.00
Unrestricted (deficit)	(7,066,293.07)	(7,428,827.00)	(7,213,733.00)	4,317.00	300,049.00	273,089.00	197,626.00	(189,013.00)	(388,786.00)	(195,084.00)
Total district net position	\$8,705,851.42	\$6,707,960.00	\$5,398,961.00	\$11,605,444.00	\$11,564,877.00	\$11,893,556.00	\$10,987,406.00	\$9,681,747.00	\$9,348,737.00	\$9,668,443.00

Source: CAFR Schedule A-1
a - In FY2015 the District Implemented GASB 68

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION

UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EXPENSES										
Governmental activities										
Instruction	23,639,518.34	21,013,902.00	20,115,485.00	17,813,904.00	18,078,475.00	16,945,523.00	16,170,747.00	16,411,805.00	15,601,128.00	14,472,637.00
Support services:										
Tuition										
Student and instruction related services	4,346,184.91	4,904,049.00	4,618,632.00	4,117,324.00	4,067,096.00	3,620,284.00	3,318,667.00	3,934,813.00	4,018,391.00	3,842,240.00
General administrative services	412,180.41	506,552.00	488,596.00	451,491.00	452,165.00	462,852.00	443,942.00	509,212.00	488,776.00	539,341.00
School administrative services	1,695,712.78	1,490,060.00	1,329,599.00	1,204,169.00	1,225,996.00	1,159,893.00	1,141,675.00	1,200,129.00	1,141,868.00	1,345,116.00
Central Services and Admin Technology	949,705.74	955,190.00	943,408.00	843,871.00	828,098.00	870,161.00	758,537.00	795,608.00	720,824.00	664,233.00
Plant operations and maintenance	2,768,741.61	3,208,775.00	3,154,013.00	2,835,552.00	2,813,696.00	2,633,640.00	2,978,486.00	2,692,054.00	3,040,861.00	2,924,082.00
Pupil transportation	934,099.77	1,043,792.00	1,107,196.00	970,135.00	1,032,059.00	920,032.00	931,463.00	942,950.00	687,267.00	486,097.00
Transfer to charter schools	40,187.00	40,847.00	30,204.00	29,989.00						
Business and other support services & benefits										
Interest on Long-Term Debt	510,094.30	338,187.00	275,587.00	451,126.00	312,582.00	299,641.00	263,696.00	412,248.00	444,899.00	150,087.00
Total governmental activities expenses	35,296,424.86	33,501,354.00	32,062,720.00	28,717,560.00	28,810,167.00	26,912,026.00	26,007,213.00	26,898,819.00	26,144,014.00	24,906,807.00
Business-type activities										
CARES	321,696.73	323,554.00	280,008.00	345,323.00	279,217.00	314,546.00	312,307.00	343,819.00	418,544.00	421,676.00
Food Service	504,364.53	486,754.00	546,274.00	572,008.00	566,808.00	541,641.00	568,570.00	566,894.00	530,804.00	501,149.00
Printing Service				5,378.00	14,811.00	19,006.00				
STEAM	8,460.01									
Total business-type activities expense	834,521.27	810,308.00	826,282.00	922,709.00	860,836.00	875,193.00	880,877.00	910,713.00	949,348.00	922,825.00
Total district expenses	\$36,130,946.13	\$34,311,662.00	\$32,889,002.00	\$29,640,269.00	\$29,671,003.00	\$27,787,219.00	\$26,888,090.00	\$27,809,532.00	\$27,093,362.00	\$25,829,632.00
PROGRAM REVENUES										
Governmental activities:										
Charges for Services										
Instruction (tuition)	4,563,400.60									
Operating grants and contributions	\$9,562,292.70									
Capital Grants and Contributions	\$473,956.84									
Total governmental activities program revenues	14,599,650.14									

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
PROGRAM REVENUES										
Business-type activities										
Charges for services										
CARES	\$386,623.25	\$323,645.00	\$299,921.00	\$345,363.00	\$324,091.00	\$367,235.00	\$406,177.00	\$383,822.00	\$398,024.00	\$443,206.00
Food Service	284,139.86	400,706.00	450,268.00	463,144.00	\$430,963.00	\$414,931.00	\$421,985.00	\$401,484.00	\$314,119.00	\$319,583.00
STEAM	10,750.00									
Printing Service		95,502.00	106,518.00	2,729.00	742.00	2,243.00	161,769.00	164,315.00	130,366.00	141,889.00
Operating grants and contributions	138,648.67			117,150.00	147,881.00	156,428.00	989,931.00	949,621.00	842,509.00	904,678.00
Total business-type activities program revenues	820,161.78	819,853.00	856,707.00	928,386.00	903,677.00	940,837.00	989,931.00	949,621.00	842,509.00	904,678.00
Total district program revenues	\$15,419,811.92	\$819,853.00	\$856,707.00	\$928,386.00	\$903,677.00	\$940,837.00	\$989,931.00	\$949,621.00	\$842,509.00	\$904,678.00
NET (EXPENSE) REVENUE										
Governmental activities										
Business-type activities	(\$20,696,774.73)	(\$33,501,354.00)	(\$32,062,720.00)	(\$28,717,560.00)	(\$28,810,167.00)	(\$26,912,026.00)	(\$26,007,213.00)	(\$26,898,819.00)	(\$26,144,014.00)	(\$24,906,807.00)
Total district-wide net expense	(14,359,491)	9,545.00	30,425.00	5,677.00	42,841.00	65,644.00	109,054.00	38,908.00	(106,839.00)	(18,147.00)
	\$20,711,134.21	(\$33,491,809.00)	(\$32,032,295.00)	(\$28,711,883.00)	(\$28,767,326.00)	(\$26,846,382.00)	(\$25,898,159.00)	(\$26,859,911.00)	(\$26,250,853.00)	(\$24,924,954.00)
GENERAL REVENUES AND OTHER CHANGES										
IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$15,291,612.00									
Taxes levied for debt service	940,801.00									
Federal and state aid not restricted	5,809,892.71									
Federal and state aid restricted	502,148.44									
Miscellaneous income	72,532.58									
Cancellation of Capital Lease										
Disposal of capital asset (net)										
Transfers										
Total governmental activities	22,616,986.73									
Business-type activities:										
Miscellaneous Income	92,008.25									
Transfers										
Total business-type activities	92,008.25									
Total district-wide	\$22,708,994.98									
CHANGE IN NET POSITION										
Governmental activities	\$1,920,212.00		(\$32,062,720.00)	(\$28,717,560.00)	(\$28,810,167.00)	(\$26,912,026.00)	(\$26,007,213.00)	(\$26,898,819.00)	(\$26,144,014.00)	(\$24,906,807.00)
Business-type activities	77,648.76		30,425.00	5,677.00	42,841.00	65,644.00	109,054.00	38,908.00	(106,839.00)	(18,147.00)
Total district	\$1,997,860.77		(\$32,032,295.00)	(\$28,711,883.00)	(\$28,767,326.00)	(\$26,846,382.00)	(\$25,898,159.00)	(\$26,859,911.00)	(\$26,250,853.00)	(\$24,924,954.00)

Source: CAFR Schedule A-2

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$4,770,991.56	\$3,428,751.00	\$2,131,006.00	\$940,900.00	\$635,758.00	\$2,305,371.00	\$2,050,003.00	\$1,694,432.00	\$1,583,919.00	\$1,914,935.00
Assigned	936,655.23	116,541.00	315,602.00	534,148.00	520,319.00	\$443,064.00	\$479,946.00	305,323.00	465,976.00	498,144.00
Unassigned		91,728.00	3,014.00	25,006.00			\$51,207.00			
Reserved										
Unreserved										
Total general fund	<u>\$5,707,646.79</u>	<u>\$3,637,020.00</u>	<u>\$2,449,622.00</u>	<u>\$1,500,054.00</u>	<u>\$1,156,077.00</u>	<u>\$2,748,435.00</u>	<u>\$2,581,156.00</u>	<u>\$1,999,755.00</u>	<u>\$2,049,895.00</u>	<u>\$2,413,079.00</u>
All Other Governmental Funds										
Restricted	\$1,308,335.19	\$5,382,897.00		\$184,961.00	\$223,252.00	2,081,109.00				
Assigned	179,587.97									
Reserved										
Unreserved, reported in:										
Capital projects fund										
Total all other governmental funds	<u>\$1,487,923.16</u>	<u>\$5,382,897.00</u>		<u>\$184,961.00</u>	<u>\$223,252.00</u>	<u>\$2,081,109.00</u>				<u>218,793.00</u>
										<u>\$218,793.00</u>

Source: CAFR Schedule B-1

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax levy	\$16,232,413.00	\$15,785,931.00	\$15,304,848.00	\$15,005,900.00	\$14,807,922.00	\$14,842,590.00	\$14,723,349.00	\$14,359,797.00	\$11,217,590.00	\$11,221,843.00
Interest on capital reserve	520.53		34.00	40.00	\$208.00	\$3,476.00	\$10,522.00	\$19,588.00	\$35,994.00	\$71,221.00
Tuition charges	4,563,400.60	4,564,508.00	4,940,108.00	4,653,700.00	4,121,660.00	4,192,661.00	4,686,085.00	3,906,064.00	7,271,245.00	6,806,025.00
Miscellaneous	92,389.05	388,204.00	243,805.00	141,250.00	178,088.00	153,139.00	53,417.00	271,381.00	33,362.00	107,111.00
State sources	10,060,888.08	9,782,022.00	8,938,410.00	8,449,118.00	8,709,130.00	7,755,958.00	7,112,497.00	6,959,150.00	6,749,003.00	6,727,520.00
Federal sources	606,508.61	634,074.00	593,722.00	614,958.00	625,672.00	761,264.00	660,818.00	1,847,451.00	489,031.00	510,220.00
Total revenue	31,556,117.87	31,154,739.00	30,020,927.00	28,864,966.00	28,442,680.00	27,709,088.00	27,246,688.00	27,363,431.00	25,796,225.00	25,443,940.00
Expenditures										
Instruction	12,005,666.05	12,122,404.00	12,231,156.00	11,967,487.00	11,973,114.00	11,621,945.00	11,190,311.00	11,844,744.00	11,491,356.00	10,097,307.00
Support Services:										
Tuition	625,894.76	920,204.00	1,070,019.00	1,005,859.00	1,052,042.00	1,014,230.00	874,112.00	556,431.00	426,285.00	263,086.00
Student and instruction related services	2,829,189.07	3,157,190.00	3,163,519.00	3,046,689.00	3,025,136.00	2,771,146.00	2,540,353.00	3,023,599.00	3,143,583.00	2,852,505.00
General administrative services	366,658.43	342,425.00	350,596.00	351,100.00	350,652.00	370,632.00	358,379.00	409,226.00	400,539.00	416,116.00
School administrative services	899,442.13	870,682.00	832,550.00	841,402.00	847,141.00	832,446.00	822,073.00	876,282.00	851,452.00	934,079.00
Central Services and Adm. Technology	719,241.71	636,478.00	668,926.00	640,696.00	624,103.00	677,907.00	590,004.00	629,422.00	584,368.00	497,013.00
Plant operations and maintenance	2,178,417.97	2,206,847.00	2,289,564.00	2,222,731.00	2,172,040.00	2,092,935.00	2,463,904.00	2,151,487.00	2,507,867.00	2,347,131.00
Pupil transportation	817,779.12	861,321.00	979,594.00	864,983.00	939,768.00	847,579.00	860,500.00	876,800.00	634,074.00	448,233.00
Unallocated benefits	7,178,682.87	7,095,631.00	6,289,731.00	6,040,119.00	6,385,682.00	5,643,575.00	5,206,526.00	5,236,195.00	4,652,741.00	5,674,467.00
Debt service										
Principal	705,000.00	685,000.00	915,000.00	1,000,000.00	945,000.00	875,000.00	835,000.00	815,000.00	883,000.00	865,000.00
Interest and other charges	470,074.50	266,325.00	284,626.00	320,425.00	305,188.00	195,476.00	389,634.00	422,978.00	457,615.00	492,131.00
Cost of Issuance						64,976.00	101,922.00			
Capital Outlay	4,544,230.57	3,936,995.00	150,835.00	285,115.00	3,272,929.00	1,158,369.00	511,019.00	614,245.00	236,884.00	358,317.00
Transfer to Charter Schools	40,187.00	40,847.00	30,204.00	29,988.00						
Total expenditures	33,380,464.18	33,142,349.00	29,256,320.00	28,616,594.00	31,892,795.00	28,166,216.00	26,733,728.00	27,456,409.00	26,268,764.00	25,245,385.00
Excess (Deficiency) of revenues over (under) expenditures	(1,824,346.31)	(1,987,610.00)	764,607.00	248,372.00	(3,450,115.00)	(457,128.00)	512,960.00	(92,978.00)	(473,539.00)	198,555.00
Other Financing sources (uses)										
Bonds Issued		8,223,000.00				2,630,000.00	7,340,000.00			
Premium on Bonds Issued						75,415.00	259,263.00			
Payment to Refunding Bond Escrow Agent							(7,497,341.00)			
Capital leases (non-budgeted)		334,905.00		57,314.00				(175,954.00)		
Cancellation of Prior Year Accounts Receivable										
Transfers							(33,481.00)			
Total other financing sources (uses)		8,557,905.00		57,314.00		2,705,415.00	68,441.00	(175,954.00)		
Net change in fund balances	(\$1,824,346.31)	\$6,570,295.00	\$764,607.00	\$305,686.00	(\$3,450,115.00)	\$2,248,287.00	\$581,401.00	(\$268,932.00)	(\$473,539.00)	\$198,555.00
Debt service as a percentage of noncapital expenditures	4.07%	3.25%	4.12%	4.66%	4.37%	4.20%	5.06%	4.61%	5.15%	5.45%

Source: CAFR Schedule B.2

SPOTSWOOD BOROUGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

Fiscal Year Ended June 30,	INTEREST EARNED	RENTS & ROYALTIES	TUITION	REIMBURSEMENT		HELMETTA FUND BALANCE	MISCELLANEOUS	TOTAL
				OF PRIOR YEAR COSTS	\$			
2017	\$ 520.53	\$ 19,550.35	\$ 4,563,400.60	\$	\$		\$ 52,101.70	\$ 4,635,573.18
2016	397.00		4,564,508.00				380,684.00	4,945,589.00
2015	16.00		4,940,108.00				231,048.00	5,171,172.00
2014	40.00		4,653,700.00				129,048.00	4,782,788.00
2013	208.00		4,121,660.00	53,746.00			112,345.00	4,287,959.00
2012	3,476.00		4,192,661.00	71,345.00			44,408.00	4,311,890.00
2011	10,522.00		4,686,085.00			150,000.00	47,590.00	4,744,197.00
2010	19,486.00		3,906,064.00				117,944.00	4,193,494.00
2009	35,422.00		7,271,245.00				17,852.00	7,324,519.00
2008	69,739.00		6,806,025.00				104,911.00	6,980,675.00

Source: District Records

SPOTSWOOD BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
SPOTSWOOD BOROUGH
UNAUDITED

Calendar Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2016	6,745,000.00	648,585,600.00	59,315,800.00	18,689,800.00	7,055,300.00	\$738,391,500.00	-0-	\$738,391,500.00	\$785,666,950.00	1.748
2015	6,804,100.00	646,750,700.00	59,658,000.00	18,689,800.00	7,055,300.00	738,957,900.00	-0-	738,957,900.00	771,596,429.00	1.629
2014	6,862,000.00	647,765,200.00	59,414,300.00	18,589,800.00	7,055,300.00	739,686,600.00	1,934,614.00	741,621,214.00	767,576,473.00	1.630
2013	7,019,800.00	648,315,500.00	59,793,500.00	18,589,800.00	7,270,500.00	740,989,100.00	2,171,116.00	743,160,216.00	756,588,852.00	1.586
2012	7,631,300.00	646,649,700.00	58,983,200.00	18,454,800.00	7,270,500.00	738,989,500.00	2,637,590.00	741,627,090.00	777,395,907.00	1.573
2011	8,051,300.00	646,210,100.00	61,223,000.00	18,454,800.00	7,270,500.00	741,209,700.00	2,255,813.00	743,465,513.00	835,450,170.00	1.562
2010	8,047,300.00	645,116,500.00	61,185,700.00	20,465,200.00	7,270,500.00	742,085,200.00	2,286,770.00	744,371,970.00	884,671,074.00	1.530
2009	7,772,600.00	643,530,000.00	62,538,100.00	23,492,100.00	7,270,500.00	744,603,300.00	2,207,708.00	746,811,008.00	921,811,635.00	1.502
2008	8,591,300.00	639,963,800.00	63,240,900.00	30,471,100.00	7,270,500.00	749,537,600.00	2,209,003.00	751,746,603.00	947,878,445.00	1.492
2007	8,467,900.00	635,438,000.00	62,098,000.00	30,471,100.00	7,270,500.00	743,745,500.00	2,544,522.00	746,290,022.00	917,135,643.00	1.466

Source: District records Tax list summary & 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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 HELMETTA BOROUGH
 UNAUDITED

Calendar Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2016	1,907,300.00	178,812,800.00	4,246,600.00	38,400.00	817,100.00	\$185,822,200.00	\$202,751.00	\$186,024,951.00	\$206,492,055.00	
2015	1,087,600.00	178,758,900.00	4,246,600.00	1,698,800.00	817,100.00	186,609,000.00	208,030.00	186,817,030.00	201,078,859.00	1.635
2014	1,415,600.00	178,618,300.00	4,216,500.00	1,698,800.00	817,100.00	186,766,300.00	206,299.00	186,972,599.00	199,105,447.00	1.615
2013	1,401,100.00	178,707,300.00	4,250,600.00	1,598,800.00	817,100.00	186,874,900.00	207,201.00	187,082,101.00	201,798,247.00	1.664
2012	1,416,100.00	179,604,000.00	4,250,600.00	1,698,800.00	817,100.00	187,786,600.00	259,009.00	188,045,609.00	215,981,697.00	1.674
2011	2,125,400.00	236,922,900.00	6,020,000.00	1,699,000.00		246,767,300.00	267,481.00	247,034,781.00	237,520,918.00	1.283
2010	2,267,900.00	237,276,500.00	6,020,000.00	1,853,900.00		247,418,300.00	323,499.00	247,741,799.00	245,680,798.00	1.278
2009	2,267,900.00	237,644,400.00	6,142,500.00	3,553,100.00		249,607,900.00	321,940.00	249,929,840.00	252,171,299.00	1.257
2008	2,387,500.00	237,122,000.00	6,167,700.00	3,553,100.00		249,230,300.00	312,839.00	249,543,139.00	255,881,235.00	1.230
2007	2,387,500.00	238,202,600.00	6,167,700.00	3,578,100.00		250,335,900.00	304,857.00	250,640,757.00	252,075,852.00	1.194

Source: District records Tax list summary & 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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Spotswood Board of Education		Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)		Spotswood Borough	County	
2016	\$1.647	\$0.101	\$1.748	\$0.937	\$0.414	\$3.099
2015	1.531	0.098	1.629	0.912	0.417	2.958
2014	1.526	0.104	1.630	0.892	0.410	2.932
2013	*	*	1.586	0.874	0.406	2.866
2012	*	*	1.573	0.865	0.406	2.844
2011	*	*	1.562	0.866	0.406	2.834
2010	*	*	1.530	0.811	0.372	2.713
2009	*	*	1.502	0.778	0.378	2.658
2008	*	*	1.492	0.740	0.358	2.590
2007	*	*	1.466	0.654	0.340	2.460

* - Not Available

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable

(b) Rates for debt service are based on each year's requirements.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Helmetta Board of Education		Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)		Helmetta Borough	County	
2016	\$1.619	\$0.100	\$1.719	\$0.727	\$0.427	\$2.873
2015	1.536	0.099	1.635	0.680	0.430	2.745
2014	1.512	0.103	1.615	0.663	0.435	2.713
2013	*	*	1.664	0.652	0.446	2.762
2012	*	*	1.674	0.635	0.404	2.713
2011	*	*	1.283	0.469	0.339	2.091
2010	*	*	1.278	0.450	0.305	2.033
2009	*	*	1.257	0.439	0.307	2.003
2008	*	*	1.230	0.442	0.293	1.965
2007	*	*	1.194	0.425	0.291	1.910

* - Not Available

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable

(b) Rates for debt service are based on each year's requirements.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
SPOTSWOOD BOROUGH
UNAUDITED

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Spotswood Shopping Center	\$9,800,000.00	1	1.270%	\$10,492,400.00	2	1.390%
Clearwater Village	9,533,700.00	2	1.240%	\$9,997,700.00	3	1.330%
Schweitzer-Mauduit	8,228,800.00	3	1.060%	\$17,747,200.00	1	2.360%
Inland Container	6,500,000.00	4	0.840%	\$7,380,000.00	4	0.980%
Gillette Enterprises	5,479,900.00	5	0.710%	\$5,479,900.00	6	0.730%
Renaissance Properties	5,300,000.00	6	0.690%	\$6,031,700.00	5	0.800%
Robert Maglies	4,471,300.00	7	0.580%	\$4,471,300.00	8	0.590%
KLIA Properties, LLC	2,943,500.00	8	0.380%			
Summerhill Corners Association	2,860,500.00	9	0.370%	\$3,638,100.00	10	0.480%
Spotswood Investment LLC	1,724,600.00	10	0.220%			
Citadel Brookview, LLC				\$4,597,900.00	7	0.610%
Grief Brothers				\$4,338,100.00	9	0.580%
Total	\$56,842,300.00		7.360%	\$74,174,300.00		9.850%

Source: Municipal Tax Assessor

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
HELMETTA BOROUGH
UNAUDITED

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Kaplan at Helmetta, LLC	\$12,660,000.00	1	6.777%	N/A		
Sutton Plaza Associates	1,422,600.00	2	0.761%	N/A		
Kaplan at Helmetta, LLC	819,700.00	3	0.441%	N/A		
Aggo LLC	817,100.00	4	0.437%	N/A		
Bohinski, Loretta	816,300.00	5	0.437%	N/A		
Buchan, William & Roseann	711,900.00	6	0.381%	N/A		
Maglies, Robert	641,400.00	7	0.343%	N/A		
G&G Realty, Helmetta, LLC	569,200.00	8	0.306%	N/A		
Bohinski, Charles & Sandra	568,600.00	9	0.304%	N/A		
Raczynski, Anthony & Barbara	541,200.00	10	0.290%	N/A		
Total	\$19,568,000.00		10.478%	\$0.00		0.000%

Source: Municipal Tax Assessor

NVT 738,391,500.00 <From State Div of Taxation Website

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Spotswood Borough		Collections in Subsequent Years
		<u>Collected within the Fiscal Year of the Levy (a)</u>		
		Amount	Percentage of Levy	
2017	\$13,034,796.00	\$13,034,796.00	100.00%	0.00
2016	12,730,478.00	12,730,478.00	100.00%	0.00
2015	12,286,898.00	12,286,898.00	100.00%	0.00
2014	11,890,990.00	11,890,990.00	100.00%	0.00
2013	11,660,426.00	11,660,426.00	100.00%	0.00
2012	11,671,625.00	11,671,625.00	100.00%	0.00
2011	11,557,816.00	11,557,816.00	100.00%	0.00
2010	11,217,593.00	11,217,593.00	100.00%	0.00
2009	11,217,590.00	11,217,590.00	100.00%	0.00
2008	11,221,843.00	11,221,843.00	100.00%	0.00

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Helmetta Borough		Collections in Subsequent Years
		<u>Collected within the Fiscal Year of the Levy (a)</u>		
		Amount	Percentage of Levy	
2017	3,197,617.00	\$3,197,617.00	100.00%	0.00
2016	3,055,453.00	3,055,453.00	100.00%	0.00
2015	3,017,950.00	3,017,950.00	100.00%	0.00
2014	3,114,910.00	3,114,910.00	100.00%	0.00
2013	3,147,496.00	3,147,496.00	100.00%	0.00
2012	3,170,965.00	3,170,965.00	100.00%	0.00
2011	3,165,533.00	3,165,533.00	100.00%	0.00
2010	3,142,204.00	3,142,204.00	100.00%	0.00
2009	3,069,427.00	3,069,427.00	100.00%	0.00
2008	3,069,427.00	3,069,427.00	100.00%	0.00

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

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	School Energy Savings Obligations Refunding Bonds	Capital Leases				
2017	\$12,653,000.00	\$1,925,000.00	\$279,428.89		\$14,857,428.89	N/A	N/A
2016	13,233,000.00	2,050,000.00	358,208.00		15,641,208.00	2.732%	\$1,469.76
2015	5,580,000.00	2,165,000.00	34,456.00		7,779,456.00	1.388%	726.58
2014	6,390,000.00	2,270,000.00	45,290.00		8,705,290.00	1.630%	814.95
2013	7,185,000.00	2,475,000.00			9,660,000.00	1.820%	909.35
2012	7,975,000.00	2,630,000.00			10,605,000.00	2.067%	1,004.26
2011	8,850,000.00				8,850,000.00	1.820%	843.10
2010	9,540,000.00				9,540,000.00	2.043%	913.79
2009	10,355,000.00				10,355,000.00	2.116%	1,016.39
2008	11,238,000.00				11,238,000.00	2.396%	1,108.07

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

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

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

(b) Includes Energy Savings Obligation Refunding Bonds (ESIP)

N/A - Not available

SPOTSWOOD BOROUGH SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2017	\$12,653,000.00	\$1,925,000.00	\$10,728,000.00	N/A	N/A
2016	13,233,000.00	2,050,000.00	11,183,000.00	1.210%	N/A
2015	5,580,000.00	2,165,000.00	3,415,000.00	0.369%	318.95
2014	6,390,000.00	2,270,000.00	4,120,000.00	0.444%	385.70
2013	7,185,000.00	2,475,000.00	4,710,000.00	0.506%	443.38
2012	7,975,000.00	2,630,000.00	5,345,000.00	0.575%	506.16
2011	8,850,000.00	0.00	8,850,000.00	0.893%	843.10
2010	9,540,000.00	0.00	9,540,000.00	0.962%	913.79
2009	10,355,000.00	0.00	10,355,000.00	1.039%	1,016.39
2008	11,238,000.00	0.00	11,238,000.00	1.122%	1,108.07

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

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Spotswood Borough	\$23,172,946.54	100.00%	\$23,172,946.54
Helmetta Borough	4,294,463.92	100.00%	4,294,463.92
Other debt			
Middlesex County	700,844,475.00	0.96%	<u>6,705,567.40</u>
Subtotal, overlapping debt			34,172,977.86
Spotswood Borough School District Direct Debt			<u>14,843,000.00</u>
Total direct and overlapping debt			<u><u>\$49,015,977.86</u></u>

Source: Annual Debt Statements

(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
SPOTSWOOD BOROUGH
UNAUDITED

Legal Debt Margin Calculation 2016

Equalized Valuation Basis

Calendar Year	
2016	\$776,782,558.00
2015	771,596,429.00
2014	765,641,859.00
	<u>\$2,314,020,846.00</u>
Average Equalized Valuation of Taxable Property	\$771,340,282.00
Debt Limit (4% (a) of average equalization value)	30,853,611.28
Total Net Debt Applicable to Limit	<u>4,554,073.18</u>
Legal Debt Margin	<u>\$26,299,538.10</u>

	Fiscal Year Ending June 30,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$30,853,611.28	\$30,724,938.00	\$30,504,703.00	\$30,687,483.00	\$31,562,388.00	\$35,080,422.00	\$36,261,984.00	\$37,149,120.00	\$36,952,291.00
Total Net Debt Applicable To Limit	<u>4,554,073.18</u>	<u>13,233,000.00</u>	<u>5,580,000.00</u>	<u>6,390,000.00</u>	<u>7,185,000.00</u>	<u>7,975,000.00</u>	<u>8,850,000.00</u>	<u>9,540,000.00</u>	<u>10,355,000.00</u>
Legal Debt Margin	<u>\$26,299,538.10</u>	<u>\$17,491,938.00</u>	<u>\$24,924,703.00</u>	<u>\$24,297,483.00</u>	<u>\$24,377,388.00</u>	<u>\$27,105,422.00</u>	<u>\$27,411,984.00</u>	<u>\$27,609,120.00</u>	<u>\$26,597,291.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	14.76%	43.07%	18.29%	20.82%	22.76%	22.73%	24.41%	25.68%	28.02%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
HELMETTA BOROUGH
UNAUDITED

Legal Debt Margin Calculation 2016

Equalized Valuation Basis

Calendar Year	
2016	\$206,492,065.00
2015	200,870,829.00
2014	198,899,148.00
	<u>\$606,262,032.00</u>
Average Equalized Valuation of Taxable Property	\$202,087,344.00
Debt Limit (4% (a) of average equalization value)	8,083,493.76
Total Net Debt Applicable to Limit	<u>1,400,000.00</u>
Legal Debt Margin	<u>\$6,683,493.76</u>

Fiscal Year Ending June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit	\$8,083,493.76	\$8,070,685.00	\$8,072,462.00	\$8,225,139.00	\$9,640,349.00	\$9,640,349.00	\$9,691,117.00	\$9,291,005.00	\$9,352,063.00
Total Net Debt Applicable To Limit	1,400,000.00								
Legal Debt Margin	<u>\$6,683,493.76</u>	<u>\$8,070,685.00</u>	<u>\$8,072,462.00</u>	<u>\$8,225,139.00</u>	<u>\$9,640,349.00</u>	<u>\$9,640,349.00</u>	<u>\$9,691,117.00</u>	<u>\$9,291,005.00</u>	<u>\$9,352,063.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	17.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>SPOTSWOOD BOROUGH</u>				
<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2016	8,429	N/A	N/A	4.20%
2015	8,476	\$453,186,292.00	\$53,467.00	5.00%
2014	8,456	443,821,616.00	52,486.00	5.60%
2013	8,410	422,745,470.00	50,267.00	5.50%
2012	8,359	420,131,699.00	50,261.00	7.30%
2011	8,308	406,119,964.00	48,883.00	7.20%
2010	8,261	384,731,292.00	46,572.00	8.90%
2009	8,180	374,881,220.00	45,829.00	4.70%
2008	8,142	392,835,216.00	48,248.00	5.40%
2007	8,092	376,431,748.00	46,519.00	4.00%

<u>HELMETTA BOROUGH</u>				
<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2016	2,213	N/A	N/A	4.40%
2015	2,231	\$119,284,877.00	\$53,467.00	5.40%
2014	2,226	116,833,836.00	52,486.00	5.50%
2013	2,213	111,240,871.00	50,267.00	6.50%
2012	2,201	110,624,461.00	50,261.00	8.70%
2011	2,189	107,004,887.00	48,883.00	8.60%
2010	2,179	101,480,388.00	46,572.00	8.80%
2009	2,008	92,024,632.00	45,829.00	5.10%
2008	2,000	96,496,000.00	48,248.00	5.70%
2007	1,989	92,526,291.00	46,519.00	4.20%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the 2001 Census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2017		2008	
<u>Employer</u>	<u>Business</u>	<u>Employer</u>	<u>Business</u>
		<u>Estimated Number of Employees</u>	<u>Estimated Number of Employees</u>
Spotswood Board of Education	Public Schools	255*	N/A
Shop Rite of Spotswood	Supermarket	227*	N/A
Schweitzer - Mauduit	Industry - Manufacturing	148	N/A
International Paper	Industry - Manufacturing	112*	N/A
Borough of Spotswood	Municipal Government	81*	N/A

* - Full Time Equivalent

Source: Borough of Spotswood Administrator
 N/A - Not Available

Information for Principal Employers was not available for Helmetta Borough

SPOTSWOOD BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	109	118	133	131	136	132	128	123	125	122
Special education	33	28	24	26	23	22	22	22	22	28
Vocational	9	10	10	11	11	11	11	11	11	13
Other instruction	9	9		7	7	6	6	6	6	6
Support Services:										
Student and instruction related services	54	55	56	37	37	29	29	44	44	44
General administrative services	9	10	9	11	11	13	11	2	2	2
School administrative services	18	16	10	10	10	10	10	14	14	14
Central services and Admin Info Tech	8	7	10	6	6	7	5	10	10	10
Plant operations and maintenance	22	22	22	23	23	33	23	22	22	22
Pupil transportation	5	4	4	2	1	1	1	1	1	1
Total	276	279	278	264	265	264	246	255	257	262

Source: District Personnel Records

SPOTSWOOD BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
SPOTSWOOD BOROUGH
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2017	1,748	\$27,661,159.11	\$15,824	-0.31%	160	N/A	N/A	N/A	1,748	1,658	-1.80%	94.85%
2016	1,780	28,254,029.00	15,873	0.22%	165	N/A	N/A	N/A	1,780	1,692	1.02%	95.06%
2015	1,762	27,905,859.00	15,838	4.84%	151	N/A	N/A	N/A	1,762	1,674	-1.45%	95.01%
2014	1,788	27,011,054.00	15,107	-1.03%	161	N/A	N/A	N/A	1,788	1,706	-0.94%	95.41%
2013	1,793	27,369,678.00	15,265	7.44%	159	N/A	N/A	N/A	1,805	1,717	1.35%	95.12%
2012	1,821	25,872,395.00	14,208	3.64%	150	N/A	N/A	N/A	1,781	1,703	-1.87%	95.62%
2011	1,816	24,896,153.00	13,709	-2.66%	149	N/A	N/A	N/A	1,815	1,748	0.39%	96.31%
2010	1,818	25,604,186.00	14,084	-0.57%	143	N/A	N/A	N/A	1,808	1,724	2.73%	95.35%
2009	1,760	24,929,149.00	14,164	6.37%	151	N/A	N/A	N/A	1,760	1,672	-0.40%	95.00%
2008	1,767	23,529,937.00	13,316	4.83%	173	N/A	N/A	N/A	1,767	1,678	0.56%	94.96%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(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 - Not Available

SPOTSWOOD BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
HELMETTA BOROUGH
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teacher/Pupil Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School	High School				
2017	N/A	N/A	N/A	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	N/A	N/A	N/A
2015	N/A	N/A	N/A	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	N/A	N/A	N/A
2013	N/A	N/A	N/A	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	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2009	288	4,202,163.00	14,591	4.63%	N/A	N/A	288	274	274	0.35%	95.14%
2008	287	4,002,408.00	13,946	-2.47%	N/A	N/A	287	274	274	4.88%	95.47%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(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 - Not Available

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Distinct Buildings										
Elementary School(s):										
Appleby Elementary School	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643
Square Feet	684	684	684	684	684	684	684	684	684	684
Capacity (students)	449	448	457	459	423	427	427	459	443	443
Enrollment										
Schoenly Elementary School	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680
Square Feet	620	620	620	620	620	620	620	620	620	620
Capacity (students)	239	244	258	258	276	270	228	255	236	236
Enrollment										
Memorial Middle School (1993)	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216
Square Feet	527	527	527	527	527	527	527	527	527	527
Capacity (students)	338	323	314	317	354	364	338	330	343	343
Enrollment										
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 (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	720	763	731	738	755	726	743	772	745	745

Number of Schools at June 30, 2017

Elementary = 2

Middle School = 1

High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	Total	Spotswood High School	Memorial Middle School	Schoenly Elementary School	Appleby Elementary School
2017	\$417,413.00	\$152,630.00	\$91,941.00	\$83,083.00	\$89,759.00
2016	455,609.00	169,250.00	87,713.00	91,487.00	107,159.00
2015	487,423.00	155,057.00	123,957.00	93,567.00	114,842.00
2014	507,997.00	213,116.00	83,747.00	95,238.00	115,896.00
2013	402,249.00	120,917.00	85,270.00	91,059.00	105,003.00
2012	378,188.00	131,015.00	71,694.00	79,912.00	95,567.00
2011	524,905.00	261,066.00	84,903.00	84,920.00	94,016.00
2010	468,852.00	227,713.00	69,483.00	50,938.00	120,718.00
2009	522,000.00	226,715.00	53,394.00	145,633.00	96,258.00
2008	558,926.00	316,222.00	87,875.00	57,464.00	97,365.00
Total School Facilities	\$4,723,562.00	\$1,973,701.00	\$839,977.00	\$873,301.00	\$1,036,583.00

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

Source: District records

SPOTSWOOD BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
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 Per Occurrence/ Annual NJSB Agg	
Property - NJSBAIG		
Blanket Building & Contents	500,000,000	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	25,000,000 Per Occurrence	5,000
Environmental Package	1,000,000	10,000
EDP	500,000	1,000
Fire Department Service Charge	10,000	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)	75,000,000 Per Occurrence	500,000
	NJSBAIG Ann Agg	500,000
All Other Flood Zones	0 Per Occurrence/ NJSBAIG Ann Agg	10,000
Arson Reward	10,000	1,000
Newly Acquired Property	250,000	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
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
Student Accident - NJSBAIG	\$ 1,000,000	N/A
Basic/Sports/Football K-12	1,000,000	Injury Benefit
Catastrophic Cash K-12	5,000,000	Aggregate
Equipment Breakdown - NJSBAIG	100,000,000	\$ 5,000
CSL Per Accident For Property Damage and Business Income	100,000	5,000
Off Premises Property Damage	10,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	500,000	5,000
Perishable Goods	100,000	5,000
Contingent Business Income	100,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	500,000	5,000
Expediting Expenses	500,000	5,000
Hazardous	250,000	5,000
Newly Acquired Locations (60 days notice)		
Crime - NJSBAIG	500,000	1,000
Faithful Performance	1,000,000	1,000
Forgery and Alteration	100,000	1,000
Money and Securities	100,000	1,000
Money Orders & Counterfeit Paper Currency	100,000	1,000
Computer Fraud		
Automobile Coverage - NJSBAIG	11,000,000	
Auto Liability (CSL for Bodily Injury and Property Damage)	1,000,000	
Uninsured/Underinsured Motorists - Private Passenger Auto	250,000	
Personal Injury Protection (Including Pedestrians)		
Workers Compensation - NJSBAIG	14,820,250	
Covered Payroll - Professional	1,437,490	
Covered Payroll - Non Professional		
Bonds - Selective Insurance Company	500,000	N/A
School Business Administrator/Board Secretary	500,000	N/A
School Treasurer		

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

THIS PAGE INTENTIONALLY LEFT BLANK

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

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

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, 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 Spotswood Borough School District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 Spotswood Borough School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted immaterial matters involving internal control that we have reported to the Spotswood Borough School District in a separate management report dated October 24, 2017.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*

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.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

October 24, 2017



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE FINANCIAL ASSISTANCE
PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH NEW JERSEY OMB CIRCULAR 15-08**

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 State Program

We have audited the Spotswood Borough School District's compliance with the types of compliance requirements described in the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Spotswood Borough School District's major state programs for the year ended June 30, 2017. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Spotswood Borough School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in New Jersey *OMB 15-08*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Spotswood Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

SUPLEE, CLOONEY & COMPANY

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Spotswood Borough School District's compliance.

Opinion on Each Major State Program

In our opinion, the Spotswood Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.



Report on Internal Control Over Compliance

Management of the Spotswood Borough School 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 Spotswood Borough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with New Jersey OMB 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 Spotswood Borough School 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 948

October 24, 2017

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD FROM TO	AWARD AMOUNT	BALANCE AT JUNE 30, 2016	ADJ.	ADJUSTED BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE JUNE 30, 2017 UNEARNED REVENUE	DUE GRANTOR
	General Fund												
	U.S. Department of Education												
	Passed-through State Department of Education												
93 778	Medical Assistance Program (SEMI)	1605NUSMAP	N/A	7/1/2015	44,925.00	(486.77)		(486.77)	486.77				
93 778	Medical Assistance Program (SEMI)	1605NUSMAP	N/A	7/1/2015	3,188.96	(3,188.96)		(3,188.96)	3,188.96				
93 778	Medical Assistance Program (SEMI)	1605NUSMAP	N/A	7/1/2016	50,318.36				50,318.36	(71,687.55)	(21,369.19)		
	Total General Fund					(3,675.73)		(3,675.73)	53,994.09	(71,687.55)	(21,369.19)		
	Special Revenue Fund												
	U.S. Department of Education												
	Passed-through State Department of Education												
84 010	Title I	S010A150030	NCLB236016	7/1/15	135,245.00	(5,343.00)		(5,343.00)	5,343.00				
84 010	Title I	S010A150030	NCLB236017	7/1/16	127,544.00				95,827.00	(125,429.96)	(29,602.96)		
84 367	Title II Part A	S367A150029	NCLB236016	7/1/15	31,939.00	(629.00)		(629.00)	629.00				
84 367	Title II Part A	S367A150029	NCLB236016	7/1/16	24,405.00				10,468.00	(13,517.59)	(3,049.59)		
84 027	I, D, E, A, Part B Special Education Cluster	S027A151100	IDEA236014	8/1/14	403,819.00	3,142.00		(3,142.00)					
84 027	I, D, E, A, Part B	S027A151100	IDEA236015	8/1/15	410,797.00	(7,868.00)		(7,868.00)	7,868.00	(385,531.46)	(6,620.46)		
84 027	I, D, E, A, Part B	S027A151100	IDEA236016	8/1/16	384,052.00				376,911.00	(19,108.80)	(19,108.80)		
84 173	Total I, D, E, A, Part B Special Education Cluster	S173A150114	IDEA236016	8/1/16	19,108.80	(7,868.00)		(7,868.00)	405,887.80	(404,640.26)	(6,620.46)		
	Total U.S. Department of Education					(10,698.00)		(10,698.00)	518,154.80	(543,687.81)	(38,273.01)		
	Total Special Revenue Fund					(10,698.00)		(10,698.00)	518,154.80	(543,687.81)	(38,273.01)		
	Enterprise Fund												
	U.S. Department of Agriculture												
	Passed-through State Department of Education												
	Child Nutrition Cluster												
10 550	National School Breakfast Program	16161NJ304N1099	N/A	7/1/16	16,573.66				16,573.66	(16,472.16)		101.50	
10 553	National School Breakfast Program	16161NJ304N1099	N/A	7/1/15	121,072.00	(22,722.26)		(22,722.26)	22,722.26				
10 553	National School Breakfast Program	16161NJ304N1099	N/A	7/1/16	117,845.42				111,216.90	(117,846.42)	(6,628.52)		
10 553	School Breakfast Program	16161NJ304N1099	N/A	7/1/15	2,263.00	(481.43)		(481.43)	481.43				
	Total Child Nutrition Cluster					(23,203.69)		(23,203.69)	150,994.25	(134,317.58)	(6,628.52)	101.50	
	Total Enterprise Fund					(23,203.69)		(23,203.69)	150,994.25	(134,317.58)	(6,628.52)	101.50	
	Total Federal Financial Assistance					(37,577.42)		(37,577.42)	723,143.14	(749,592.94)	(67,270.72)	101.50	

See accompanying notes to schedules of financial assistance

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE	BALANCE JUNE 30, 2016										ADJUSTMENTS/			MEMO	
	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE (ACCTS REC)	DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS BALANCES	ACCOUNTS RECEIVABLE	BALANCE JUNE 30, 2017	UNEARNED REVENUE	DUE GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
															REVENUE
State Department of Education															
General Funds															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	5,056,213.00	-	-	4,556,470.00	(5,056,213.00)	-	-	-	-	-	489,743.00	5,056,213.00	
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	923,046.00	-	-	831,814.00	(923,046.00)	-	-	-	-	-	91,232.00	923,046.00	
Categorical Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	63,438.00	-	-	57,168.00	(63,438.00)	-	-	-	-	-	6,270.00	63,438.00	
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	36,526.00	-	-	32,916.00	(36,526.00)	-	-	-	-	-	3,610.00	36,526.00	
Under Adequacy Aid	17-495-034-5120-083	7/1/16-6/30/17	6,761.00	-	-	6,092.00	(6,761.00)	-	-	-	-	-	669.00	6,761.00	
PARCC Readiness Aid	17-495-034-5120-088	7/1/16-6/30/17	14,750.00	-	-	13,292.00	(14,750.00)	-	-	-	-	-	1,458.00	14,750.00	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	14,750.00	-	-	13,292.00	(14,750.00)	-	-	-	-	-	1,458.00	14,750.00	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	14,750.00	-	-	13,332.00	(14,750.00)	-	-	-	-	-	1,458.00	14,750.00	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	5,037,971.00	-	-	497,475.00	(14,790.00)	-	-	-	-	-	1,458.00	5,037,971.00	
Categorical Special Education Aid	16-495-034-5120-088	7/1/15-6/30/16	910,803.00	-	-	89,937.00	-	-	-	-	-	-	(89,937.00)	910,803.00	
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	54,800.00	-	-	5,411.00	-	-	-	-	-	-	(5,411.00)	54,800.00	
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	31,878.00	-	-	3,148.00	-	-	-	-	-	-	(3,148.00)	31,878.00	
Under Adequacy Aid	16-495-034-5120-083	7/1/15-6/30/16	6,761.00	-	-	668.00	-	-	-	-	-	-	(668.00)	6,761.00	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	14,750.00	-	-	1,456.00	-	-	-	-	-	-	(1,456.00)	14,750.00	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	14,750.00	-	-	1,456.00	-	-	-	-	-	-	(1,456.00)	14,750.00	
State Aid Public Cluster			6,123,927.00	-	-	6,123,927.00	(6,130,274.00)	-	-	-	-	-	605,888.00	12,201,887.00	
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	236,203.00	(236,203.00)	-	236,203.00	(146,387.00)	-	-	-	-	-	146,387.00	236,203.00	
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	146,387.00	-	-	5,959.00	-	(146,387.00)	-	-	-	-	-	146,387.00	
Non-Public Transportation Aid	Not Available	7/1/14-6/30/16	5,959.00	(5,959.00)	-	-	-	-	-	-	-	-	-	5,959.00	
Non-Public Transportation Aid	Not Available	7/1/16-6/30/17	5,286.00	(42,862.60)	-	42,862.60	(5,286.00)	-	-	-	-	-	5,286.00	5,286.00	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	856,532.00	-	-	791,062.28	(831,872.24)	-	-	-	-	-	856,532.00	856,532.00	
On-behalf TPAF non-contributory insurance	17-495-034-5094-004	7/1/16-6/30/17	45,209.00	-	-	45,209.00	(45,209.00)	-	-	-	-	-	-	45,209.00	
On-behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	1,247,756.00	-	-	1,247,756.00	(1,247,756.00)	-	-	-	-	-	-	1,247,756.00	
On-behalf TPAF Long-Term Disability Insurance (non-bud.)	17-495-034-5094-004	7/1/16-6/30/17	3,601.00	-	-	3,601.00	(3,601.00)	-	-	-	-	-	-	3,601.00	
Total General Funds	17-495-034-5094-001	7/1/16-6/30/17	2,373,859.00	(285,024.60)	-	1,077,333.00	(1,077,333.00)	-	-	-	-	-	798,380.96	14,329,435.00	
Special Revenue Fund						9,573,912.88	(9,487,718.24)	-	-	-	-	-	-	86,194.64	
Non-Public Textbooks	16-100-034-5120-064	7/1/15-6/30/16	11,306.00	-	-	341.00	-	-	-	-	-	-	(341.00)	11,306.00	
Non-Public Textbooks	17-100-034-5120-064	7/1/16-6/30/17	10,491.00	-	-	10,491.00	(10,113.00)	-	-	-	-	-	378.00	10,491.00	
Non-Public Comp Ed	16-100-034-5120-067	7/1/15-6/30/16	19,459.00	-	-	5,076.00	-	-	-	-	-	-	(6,076.00)	19,459.00	
Non-Public Comp Ed	17-100-034-5120-067	7/1/16-6/30/17	17,916.00	-	-	17,916.00	(17,916.00)	-	-	-	-	-	-	17,916.00	
Non-Public Examination & Classification	16-100-034-5120-066	7/1/15-6/30/16	16,020.00	-	-	2,731.00	-	-	-	-	-	-	(2,731.00)	16,020.00	
Non-Public Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	8,826.00	-	-	9,187.00	(5,408.00)	-	-	-	-	-	3,778.00	8,826.00	
Non-Public Corrective Speech	16-100-034-5120-068	7/1/15-6/30/16	12,841.00	-	-	5,016.00	-	-	-	-	-	-	(5,016.00)	12,841.00	
Non-Public Corrective Speech	17-100-034-5120-068	7/1/16-6/30/17	10,602.00	-	-	10,602.00	(6,185.00)	-	-	-	-	-	4,417.00	10,602.00	
Non-Public Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	8,911.00	-	-	2,969.00	-	-	-	-	-	-	(2,969.00)	8,911.00	
Non-Public Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	7,847.00	-	-	7,847.00	(5,493.00)	-	-	-	-	-	2,354.00	7,847.00	
Non-Public Nursing	16-100-034-5120-070	7/1/15-6/30/16	17,820.00	-	-	850.00	-	-	-	-	-	-	(850.00)	17,820.00	
Non-Public Nursing	17-100-034-5120-070	7/1/16-6/30/17	16,380.00	-	-	16,380.00	(15,862.00)	-	-	-	-	-	518.00	16,380.00	
Non-Public Technology Initiative	16-100-034-5120-068	7/1/15-6/30/16	3,295.00	-	-	3,295.00	(3,295.00)	-	-	-	-	-	-	3,295.00	
Non-Public Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	5,148.00	-	-	4,732.00	-	-	-	-	-	-	(111.00)	5,148.00	
Non-Public Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	4,732.00	-	-	4,732.00	(4,540.00)	-	-	-	-	-	192.00	4,732.00	
Non-Public Security	16-100-034-5120-084	7/1/15-6/30/16	4,950.00	-	-	336.00	-	-	-	-	-	-	(336.00)	4,950.00	
Non-Public Security	17-100-034-5120-084	7/1/16-6/30/17	9,100.00	-	-	9,100.00	(8,800.00)	-	-	-	-	-	300.00	9,100.00	
Martin Luther King Jr	07MLKJ109AVF	Indefinite	2,069.00	1,308.00	-	89,550.00	(77,612.00)	-	-	-	-	-	1,308.00	2,069.00	
Total Special Revenue Fund			1,120,475.00	1,308.00	-	23,522.06	(473,956.84)	-	-	-	-	-	1,308.00	182,463.00	
Capital Projects Fund															
New Jersey Schools Development Authority	Various	07/01/15-Completion	1,120,475.00	(464,231.00)	-	23,522.06	(473,956.84)	-	-	-	-	-	(914,655.78)	46,986.00	
Debt Service Fund															
Debt Service Aid Type II	17-100-034-5120-125	7/1/16-6/30/17	46,986.00	-	-	46,986.00	(46,986.00)	-	-	-	-	-	-	46,986.00	
Total Debt Service Fund			46,986.00	-	-	46,986.00	(46,986.00)	-	-	-	-	-	-	46,986.00	

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2016		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE JUNE 30, 2017		MEMO	
				UNEARNED REVENUE (ACCTS REC)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE GRANTOR	BUDGETARY RECEIVABLE
Enterprise Fund												
National School Lunch Program (State Share)	16-100-034-5120-122	7/1/15-6/30/16	851.47	(851.47)		851.47	(4,331.09)					851.47
National School Lunch Program (State Share)	17-100-034-5120-122	7/1/16-6/30/17	4,331.09		4,086.61		(4,331.09)					4,331.09
Total Enterprise Fund				(851.47)	4,938.08							5,182.56
Total State Financial Assistance				\$ (748,739.07)	\$ 17,430.00	\$ 9,738,909.02	\$ (10,090,604.17)	\$ (11,083.00)	\$ (1,107,393.22)	\$ 1,308.00	\$ 11,938.00	\$ 14,564,065.56
Less: On-Behalf amounts not utilized for determination of Major Programs						(45,209.00)	45,209.00					
On-behalf TPAF non-contributory insurance						(1,247,756.00)	1,247,756.00					
On-behalf TPAF Pension						(3,601.00)	3,601.00					
On-behalf TPAF post retirement medical						(1,077,333.00)	1,077,333.00					
Total State Financial Assistance Subject to Single Audit:						7,385,010.02	(7,716,705.17)					

See accompanying notes to schedules of financial assistance

Spotswood Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2017

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Spotswood Borough School District ("the District"). The District is defined in Note 1 to the basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Spotswood Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$6,347.00 for the general fund and \$27,806.75 for the Special Revenue Fund.. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$71,687.55	\$9,481,371.24	\$9,553,058.79
Special Revenue Fund	534,819.06	58,574.00	593,393.06
Capital Projects Fund		473,956.84	473,956.84
Debt Service Fund		46,986.00	46,986.00
Food Service Fund	134,317.58	4,331.09	138,648.67
	<u>740,824.19</u>	<u>10,065,219.17</u>	<u>10,806,043.36</u>
GAAP Adjustment	8,768.75	25,385.00	34,153.75
Total Awards & Financial Assistance	<u>\$749,592.94</u>	<u>\$10,090,604.17</u>	<u>\$10,806,043.36</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. 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 year ended June 30, 2017.

Spotswood Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s) – Not Applicable

State Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major State Programs: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? | No |
| (4) | Identification of Major State Program(s): | |

<u>Program Title</u>	<u>Project Number</u>
Equalization Aid	17-495-034-5120-078
Categorical Special Education Aid	17-495-034-5120-089
Categorical Security Aid	17-495-034-5120-084
Under Adequacy Aid	17-495-034-5120-083
Per Pupil Growth Aid	17-495-034-5120-097
PARCC Readiness	17-495-034-5120-098
New Jersey Development Authority	Various

Spotswood Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

Section I – Summary of Auditor’s Results (Continued)

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$750,000.00
 - Type B State Program Threshold <= \$750,000.00

- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – Not Applicable

State Programs – None Reported

Spotswood Borough School District
Schedule of Prior Year Audit Findings

Not Applicable

