

# **Annual Comprehensive Financial Report**

**of the**

**Spotswood Borough School District**

**County of Middlesex**

**Spotswood, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

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



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**INTRODUCTORY SECTION**



# Spotswood Board of Education

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February 7, 2022

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, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the 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, 2021 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 Principles, 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.





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## 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 2020-2021 fiscal year with an average daily enrollment of 1,576 students, which is approximately a 4.83% 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 eight years.

### Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2021	1576	(4.83)
2020	1656	(.96)
2019	1672	(1.87)
2018	1704	(2.5)
2017	1,748	(1.79)
2016	1,780	1.05
2015	1,762	(1.45)
2014	1,788	(0.94)

## 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, 14% 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.



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### 3. Initiatives

The Spotswood School District initiatives for the 2021/2022 school year will be as follows:

a. Response to Coronavirus - This school year will be defined by our ability to return, recover, remediate, and renew from the effects of the global pandemic, including:

- The health and safety of our educational community as well as the necessary compliance including but not limited to HVAC upgrades including MERV-13 filters and Bipolar Ionization; PPE needs including masks and dividers; sanitation including hand sanitizer and mobile washing stations; personnel including substitutes and permanent staff.
- While structures are currently in place, the scope of need for academic and social emotional support, as we can begin to document, will drastically increase even as the medical effects of COVID-19 lessen.

b. Assessment for Accreditation - While delayed by our current reality, the accreditation process continues including initiatives to advance and align our programs to best practices and rigorous external standards. Specifically, select buildings will work with external organizations, including:

- Middle States - Middle States is an accreditation process that provides affirmation that a school is providing the level of quality in its educational programs, services, activities, and/or resources expected by its community of stakeholders and endorsed by the education world.
- School of Character - Providing leadership and advocacy for character education, Character.org offers an evidence-based framework for implementing and evaluating character development through our 11 Principles of Effective Character Education. Using this model, this organization offers a path to school improvement by providing a proven framework, professional feedback, and model of excellence.
- Social Emotional Learning - Social Emotional Learning (SEL) is the process by which we acquire and effectively apply the knowledge, skills, and attitudes necessary to understand and manage emotions, set and achieve goals, establish and maintain positive relationships and make responsible decisions. Research indicates that a focus on SEL in schools directly correlates with higher levels of academic success. The Collaborative for Academic, Social, and Emotional Learning (CASEL) identifies the following five core competencies to help individuals become positive and productive citizens: self-awareness, self-management, social awareness, relationship skills, and responsible decision making. Their goal as educators is to provide a nurturing and



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productive educational environment that supports growth in each of these competencies.

- c. District Communication Systems - To review and refine our plan to best notify and engage our educational community, our communication systems and practices will be assessed. This process will include an analysis of current protocols, identification of best practices, review of statute, code, policy and regulation, including:
  - the review, use, and refinement of external communication solutions including our messaging program (School Messenger), website (Edlio), social media platform (MavSocial), television channel (Channel 3), student management system (Genesis), student digital backpack (ClassLink), and college and career readiness platform (Naviance).
  - the review, use, and refinement of internal communication solutions including Quick Links, District/School newsletters, and District Weekly Broadcast.
- d. C&I Info for Audit - Using available funds, primarily from grants, the following Curriculum & Instruction initiatives were initiated to support student learning and address noted learning loss due to the disruption in learning caused by the pandemic.
  - Offered during the summer of 2021, the Summer Extension Program at the high school provided a way for students to continue their learning in the core content areas of math, science, ELA, social studies, and health/physical education. Students who met the attendance criteria as well as completion of assigned work during a 15 day extension session were able to fulfill the course requirements and earn credits towards graduation.
  - MAP testing was added to our assessment suite in the fall of 2022 in order to provide teachers invaluable data to identify and address gaps in learning. MAP math (K-8) and ELA (3-5) assessments will be administered three times over the course of the 2021-22 school year.
  - A new *Collaborative Classroom* reading program, Being a Reader (K-2) and Making Meaning (3-5), was implemented this year as a companion to our current Being a Writer program added during the 2020-21 year. This program provides consistency across grade levels and classrooms, allowing us to cohesively target student learning loss and growth over extended time.



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- A Math Interventionist position was added to Appleby School to provide intensive support during the school day for struggling learners identified through a variety of data sources.
- An after school math intervention program was started this school year in grades 1-5 as a complement to our long-standing after school reading program in grades K-5.
- In-school remediation for math and ELA is in place for marking periods 3 and 4 at Memorial Middle School to provide intensive and targeted support to students based on data collected from the New Jersey Start Strong assessments.

#### 4. Service Efforts and Accomplishments

The District's achievement continues to be competitive in both performance results and offering variety with comparisons to our county, state and nation in many areas, including:

- a. Academics, including the New Jersey Department of Education and College Board
- b. Extracurriculars, including Distributive Education Clubs of America (DECA) and the New Jersey State Interscholastic Athletic Association (NJSIAA)
- c. Accreditation, including School of Character and MiddleStates

#### 5. Major Operational or Financial Concerns

Financial concerns have always been an issue for Spotswood and these concerns have remained constant for FY21 since there was a decrease of state aid in the amount of \$43,446.00. This decrease was offset by the increase in taxes and has enabled Spotswood to maintain the amount of programs and personnel budgeted in FY21. Facility and structural repairs are one of the primary focuses of the district. The Maintenance Reserve Account that has been established will assist in this goal. However, the COVID-19 pandemic has placed a few obstacles in the way of the district's progress with implementing new programs, technology, and facility repairs in FY21 due to the increase in prices and supply shortages. The COVID-19 pandemic has also placed additional stressors on the budget with increased cleaning expenses and the supply of personal protective equipment for staff and students.

#### 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



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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, 2021.

## **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.



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## 9. Debt Administration

As of June 30, 2021, the District's outstanding debt issues included \$7,768,000 of bonds. During the 2016 fiscal year, the District was notified by Standard & Poor's Ratings Services that its bond rating was A+. Moody's rating for the district as of June 2020 was Aa3. 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 are 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.



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## 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 operations. 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, 2021**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
William Smith, President	2022
Bertrand Louis, Vice President	2024
Suzanne Krainski	2024
Daniel Lennan	2023
Jim Ziegler	2022
Jennifer Spisso (Milltown Representative)	

**Other Officials**

Mr. Graham Peabody, 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, 2021**

**Auditor/Audit Firm**

Suplee, Clooney and Company  
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**Attorney**

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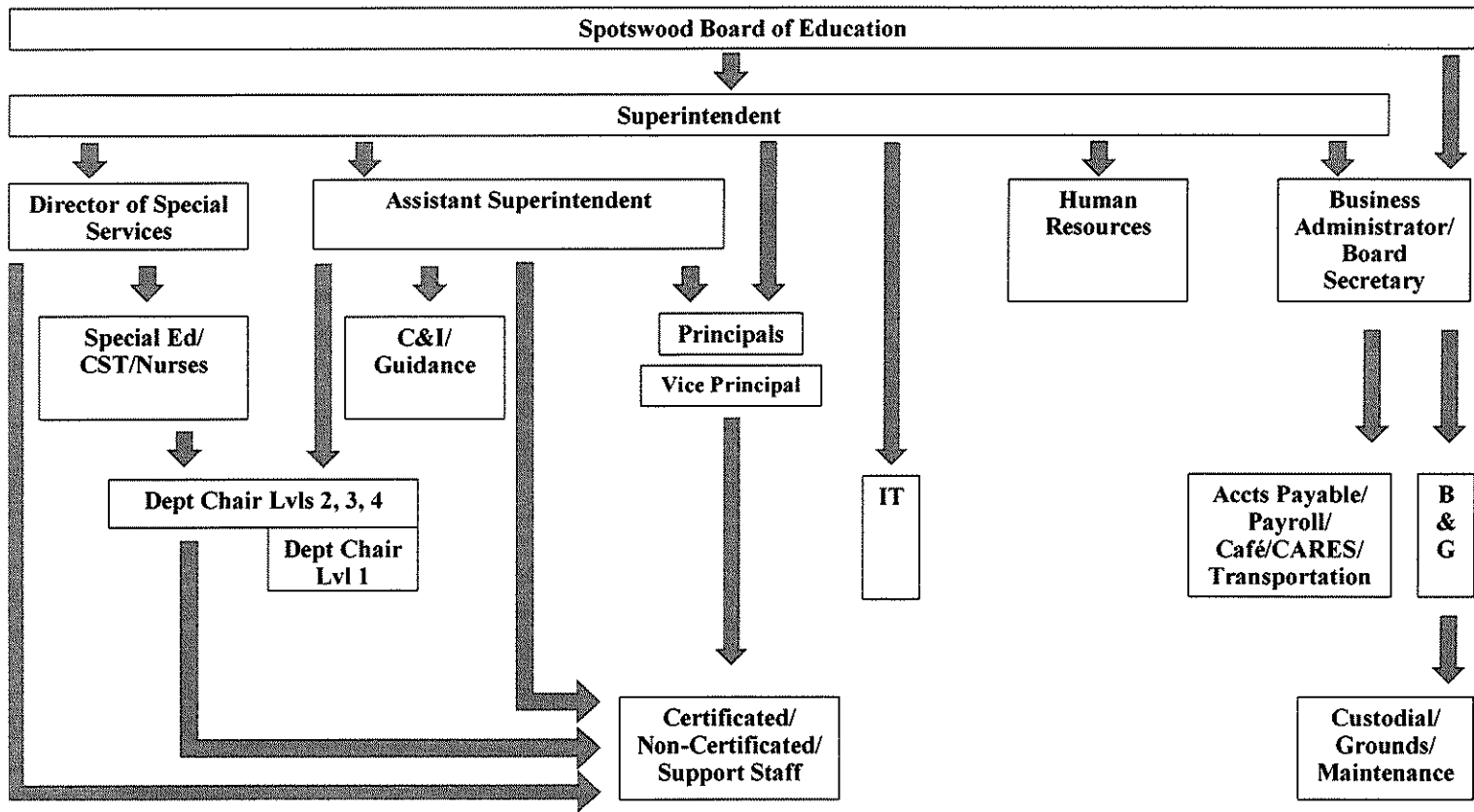
**Official Depository**

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



11

Board Approved 01/05/2021

**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Spotswood Borough School District  
County of Middlesex  
Spotswood, New Jersey 08884

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Spotswood Borough School District, County of Middlesex, New Jersey as of and for the year ended June 30, 2021, 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, and 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 and each major fund of the Spotswood Borough School District, County of Middlesex, New Jersey as of June 30, 2021, 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.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Note 1 to the basic financial statements, in 2021, the District adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

### ***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, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) on Exhibit M-1 and M-2 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 introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the 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 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 combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2022 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 effectiveness of the Spotswood Borough School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Spotswood Borough School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2022

**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, 2021  
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, 2021. 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 (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A. In fiscal year 2021 the District implemented GASB Statement No. 84- Fiduciary Activities. Prior fiscal year 2020 information was restated where information was available.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

In the District Wide Statements:

- ◆ In total, net position increased \$1,936,072.25 which represents a 3.36 percent increase from 2020.
- ◆ General revenues accounted for \$24,941,238 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,248,198 or 23 percent of total revenues of \$32,189,435.
- ◆ The School District had \$30,32,018,021 in expenses; \$7,248,198 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$24,941,238 were adequate to provide for these programs.

In the Fund Financial Statements:

- ◆ The General Fund had \$33,825,073 in revenues and \$32,018,021 in expenditures.
- ◆ Overall, the General Fund's fund balance increased \$1,807,052 from 2020.

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

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. 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, 2021  
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 2021?" 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, 2021  
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 2021. In accordance with GASB Statement 34, net position comparisons to fiscal year 2020 are presented.

**TABLE 1  
NET POSITION**

	2021			2020 (As Restated)		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
<b>ASSETS</b>						
Current & Other Assets	\$12,009,330	\$58,169	\$12,067,499	\$10,334,817	\$84,704	\$10,419,521
Capital Assets	23,850,785	21,040	23,871,825	25,001,663	34,316	25,035,979
<b>TOTAL ASSETS</b>	<b>35,860,115</b>	<b>79,209</b>	<b>35,939,324</b>	<b>35,336,480</b>	<b>119,020</b>	<b>35,455,500</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Loss on Refunding of						
Long Term Debt	68,679		68,679	91,573		91,573
Pension Related	1,233,651		1,233,651	1,400,096		1,400,096
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>1,302,330</b>		<b>1,302,330</b>	<b>1,491,669</b>		<b>1,491,669</b>
<b>LIABILITIES</b>						
Long-Term Liabilities	15,754,078		15,754,078	17,332,189		17,332,189
Other Liabilities	1,790,318	27,540	1,817,858	1,878,288	26,891	1,905,179
<b>TOTAL LIABILITIES</b>	<b>17,544,396</b>	<b>27,540</b>	<b>17,571,936</b>	<b>19,210,477</b>	<b>26,891</b>	<b>19,237,367</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Pension Related	2,516,187		2,516,187	2,492,343		2,492,343
<b>NET POSITION</b>						
Net investment in capital assets	13,754,732	21,040	13,775,772	13,763,978	34,316	13,798,294
Restricted	9,693,575		9,693,575	8,776,665		8,776,665
Unrestricted:						
Pension related (deficit)	(7,255,505)		(7,255,505)	(7,498,629)		(7,498,629)
Other	909,059	30,629	939,688	83,315	57,814	141,129
<b>TOTAL NET POSITION</b>	<b>\$17,101,862</b>	<b>\$51,669</b>	<b>\$17,153,531</b>	<b>\$15,125,329</b>	<b>\$92,129</b>	<b>\$15,217,458</b>

The District's combined net position were \$17,153,531 on June 30, 2021.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPOTSWOOD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED (Continued)**

Table 2 shows changes in net assets for fiscal year 2021. In accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2020 is presented to comparatively analyze district-wide data.

**TABLE 2  
CHANGES IN NET POSITION**

	2021			2020 (As Restated)		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Operating Grants & Contributions	\$2,212,700	\$316,924	\$2,529,624	\$6,982,801	\$123,238	\$7,106,
Charges for Services	4,718,184	390	4,718,574	3,998,552	503,893	4,502,
<b>General Revenues</b>						
Property Taxes	17,929,431		17,929,431	17,349,490		17,349,
Grants (includes State Aid) and Entitlements	6,857,480		6,857,480	6,761,744		6,761,
Other Revenues	154,327		154,327	335,730		335,
	<u>31,855,883</u>	<u>333,552</u>	<u>32,189,435</u>	<u>35,428,317</u>	<u>627,131</u>	<u>36,055,</u>
<b>Expenses:</b>						
Instruction	17,442,180		17,442,180	21,985,205		21,985,
Pupils and Instructional Staff	4,723,360		4,723,360	4,209,604		4,209,
General & School Adm, Central Serv & Adm Technology	2,808,207		2,808,207	3,030,682		3,030,
Maintenance	3,572,171		3,572,171	3,153,583		3,153,
Transportation	875,077		875,077	923,812		923,
Interest on Long-Term Debt	374,034		374,034	403,706		403,
Other	84,320		84,320	86,353		86,
Business-Type		374,012	374,012		740,555	740,
Total Expenses	<u>29,879,351</u>	<u>374,012</u>	<u>30,253,363</u>	<u>33,792,946</u>	<u>740,555</u>	<u>34,533</u>
Change in Net Position	1,976,533	(40,460)	1,936,072	1,635,370	(113,424)	1,521
Net Position July 1,	<u>15,125,329</u>	<u>92,129</u>	<u>15,217,459</u>	<u>13,489,959</u>	<u>205,553</u>	<u>13,695</u>
Net Position June 30,	<u>17,101,862</u>	<u>51,669</u>	<u>17,153,531</u>	<u>15,125,329</u>	<u>92,129</u>	<u>15,217</u>

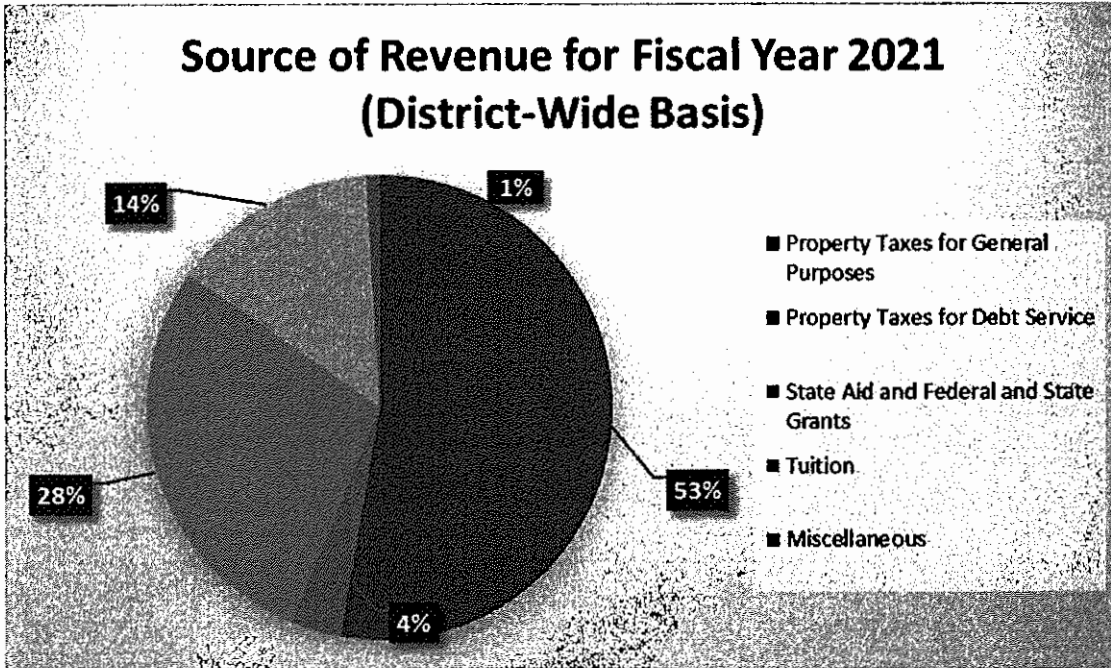
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Variances in both the revenues and expenditures are significantly affected by fluctuations in the actuarial revenue/expenses for TPAF and PERS Pension under GASB 68 and Postemployment Benefits under GASB 75.

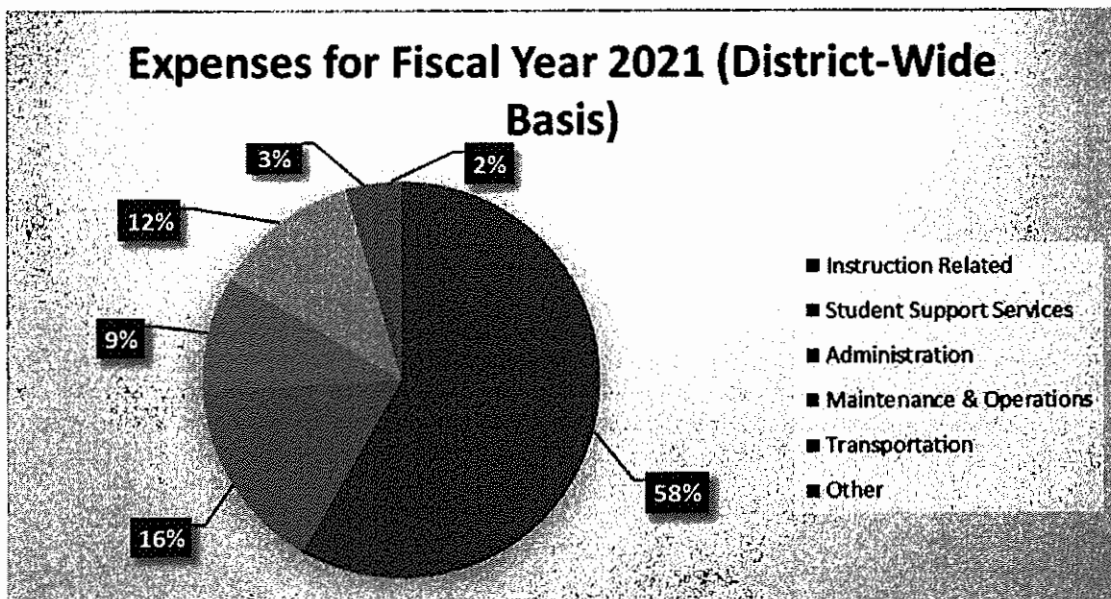
**SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPOTSWOOD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED (Continued)**

**Governmental Activities**

As shown in Table 2 the District's total revenue from Governmental Activities was \$31,855,883 Property taxes made up 47 percent of these revenues. Federal, state, and local grants and state aid accounted for 39 percent of revenue and Tuition accounted for another 11%



Also on Table 2, the total cost of Governmental programs and services was \$29,879,351. Direct instruction comprises 65 percent of District expenses.



**SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPOTSWOOD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 expenses exceeded revenues by \$40,460.
- ◆ Charges for services represent \$390 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 \$316,924
- ◆ The Food Service Fund ended the year with an Unrestricted Net Position of \$51,669.

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 2020 is presented.

**TABLE 3  
NET COST OF SERVICES**

	Total Cost of Services 2021	Total Cost of Services 2020 (As Restated)	Net Cost of Services 2021	Net Cost of Services 2020 (As Restated)
Instruction	17,442,180	\$21,985,205	\$12,134,607	\$12,397,252
Pupils and Instructional Staff	4,723,360	4,209,604	3,672,289	3,903,149
Gen. & School Adm, Central Serv & Adm Technology	2,808,207	3,030,682	2,497,043	2,317,062
Maintenance	3,572,171	3,153,583	3,572,171	3,045,347
Transportation	875,077	923,812	638,305	684,277
Interest on Long-Term Debt	374,034	403,706	349,730	378,154
Business-Type	374,012	740,555	56,699	113,424
Other	84,320	86,353	84,320	86,353
<b>Total Expenses</b>	<b>\$30,253,363</b>	<b>\$34,533,501</b>	<b>\$23,005,165</b>	<b>\$22,925,017</b>

**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.

**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.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPOTSWOOD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED (Continued)**

**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 \$31,855,883 and expenditures were \$29,879,351. The net change in fund balance for the year was \$1,976,533.

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, 2021, 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 2020</u>	<u>Percentage Change</u>
Local Sources	\$22,979,504	63.66%	\$1,269,315	5.85%
State Sources	12,277,504	34.01%	1,055,279	9.40%
Federal Sources	<u>841,349</u>	<u>2.33%</u>	<u>189,547</u>	<u>29.08%</u>
	<u>\$36,098,357</u>	<u>100.00%</u>	<u>\$2,514,141</u>	<u>7.49%</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  
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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, 2021, 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 2020</u>	<u>Percentage Change</u>
Current Expense:				
Instruction	\$11,711,529	34.09%	(\$491,812)	-4.03%
Undistributed	21,037,238	61.26%	2,676,907	14.58%
Capital Outlay	157,852	0.46%	(90,709)	-36.49%
Debt Service:				
Principal	1,090,000	3.17%	40,000	3.81%
Interest	343,646	1.00%	(30,738)	-8.21%
<b>Total</b>	<b><u>\$34,340,264</u></b>	<b><u>99.98%</u></b>	<b><u>\$2,103,648</u></b>	<b><u>6.53%</u></b>

Changes in expenditures were the results of varying factors. The increase 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 \$318,443 in extraordinary aid, which is state aid for special education students whose individual program cost exceeds program guidelines; this was \$243,443 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  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED (Continued)**

**Capital Assets**

At the end of the fiscal year 2021, the School District had \$23,850,785 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land	\$195,905	\$195,905
Construction in Progress	2,800,671	2,785,310
Site Improvements	964,665	1,066,059
Building & Building Improvements	18,699,126	19,645,664
Machinery & Equipment	<u>1,190,419</u>	<u>1,308,726</u>
<b>Total</b>	<u><u>\$23,850,785</u></u>	<u><u>\$25,001,663</u></u>

Overall capital assets decreased \$1,150,878 from fiscal year 2020 to fiscal year 2021. The decrease in capital assets is due primarily to depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2021, the School District had \$16,907,580 of outstanding debt. Of this amount, \$821,601 is for compensated absences; \$10,418,000 of serial bonds; \$94,010 in unamortized bond premium and \$5,573,969 in net pension liability.

Table 5 illustrates the balances of the District's various bonds issues outstanding at June 30, 2021 and June 30, 2020.

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

	<b>2021</b>	<b>2020</b>
2007 Refunding Bonds	\$1,990,000	\$2,615,000
2012 School Energy Savings Refunding Bonds	1,325,000	1,490,000
2016 School Bonds	<u>7,103,000</u>	<u>7,403,000</u>
<b>Total</b>	<u><b>\$10,418,000</b></u>	<u><b>\$11,508,000</b></u>

**SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPOTSWOOD, NEW JERSEY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
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 2020-2021 school year, the state slightly decreased 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](http://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, 2021

## **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, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash and cash equivalents	\$3,479,617.50	\$6,859.68	\$3,486,477.18
Receivables, net	755,592.89	47,259.17	802,852.06
inventory		4,050.14	4,050.14
Restricted assets:			
Restricted cash and cash equivalents	7,774,119.28		7,774,119.28
Capital assets:			
Land and Construction in progress	2,996,575.98		2,996,575.98
Other Capital Assets net of depreciation	20,854,209.32	21,039.75	20,875,249.07
Total Assets	<u>35,860,114.97</u>	<u>79,208.74</u>	<u>35,939,323.71</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Premium and Loss on Refunding of Long Term Debt	68,679.00		68,679.00
Pension Related	1,233,651.00		1,233,651.00
Total Deferred Outflow of Resources	<u>1,302,330.00</u>		<u>1,302,330.00</u>
<b>LIABILITIES:</b>			
Cash Deficit		16,787.08	16,787.08
Accounts payable	399,000.00	229.44	399,229.44
Payable to state government	14,239.00		14,239.00
State Unemployment Insurance Payable	3,917.82		3,917.82
Unearned revenue	95,754.35	10,523.35	106,277.70
Accrued Interest Payable	123,904.70		123,904.70
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,153,502.00		1,153,502.00
Due beyond one year:			
Net Pension Liability	5,573,969.00		5,573,969.00
Compensated absences payable	821,601.08		821,601.08
Bonds payable	9,358,508.00		9,358,508.00
Total liabilities	<u>17,544,395.95</u>	<u>27,539.87</u>	<u>17,571,935.82</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension Related	<u>2,516,187.00</u>		<u>2,516,187.00</u>
<b>NET POSITION:</b>			
Net investment in capital assets	13,754,732.20	21,039.75	13,775,771.95
Restricted for:			
Special revenue fund	196,946.27		196,946.27
Capital projects fund	3,816,928.71		3,816,928.71
Debt service fund (deficit)	(123,902.83)		(123,902.83)
Other purposes	5,803,603.30		5,803,603.30
Unrestricted (deficit)	<u>(6,346,445.63)</u>	<u>30,629.12</u>	<u>(6,315,816.51)</u>
Total net position	<u>\$17,101,862.02</u>	<u>\$51,668.87</u>	<u>\$17,153,530.89</u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2021

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
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 9,362,434.37	\$ 4,152,544.24	\$ 4,557,010.49	\$ 592,112.35	\$ (8,365,855.77)	\$ (8,365,855.77)
Special	1,799,729.63	1,407,456.71		126,082.31	(3,081,104.03)	(3,081,104.03)
Other Instruction	549,364.74	170,650.55		32,367.90	(687,647.39)	(687,647.39)
<b>Support services:</b>						
Tuition	941,630.11	(941,630.11)				
Student and instruction related services	3,852,647.41	870,712.99	161,173.58	1,159,881.76	(3,402,305.06)	(3,402,305.06)
General administrative services	347,282.36	(77,298.16)			(269,984.20)	(269,984.20)
School administrative services	1,054,783.12	556,793.17		41,180.11	(1,570,396.18)	(1,570,396.18)
Central service/Admin information technology	746,998.11	179,648.86			(926,646.97)	(926,646.97)
Plant operations and maintenance	3,074,066.36	498,104.97			(3,572,171.33)	(3,572,171.33)
Pupil transportation	743,675.03	131,402.37		236,772.00	(638,305.40)	(638,305.40)
Unallocated benefits	5,653,514.14	(5,653,514.14)				
Transfer to Charter Schools	84,320.00				(84,320.00)	(84,320.00)
Interest on Long-Term Debt	374,033.63			24,303.84	(349,729.99)	(349,729.99)
Unallocated Compensated Absence	33,885.45	(33,885.45)				
Unallocated depreciation	1,260,986.00	(1,260,986.00)				
Total governmental activities	29,879,350.66		4,718,184.07	2,212,700.27	(22,948,466.32)	(22,948,466.32)
<b>Business-type activities</b>						
CARES	67,896.60				(67,896.60)	(67,896.60)
Food Service	306,115.72		389.89	316,923.71	11,197.88	11,197.88
Total business-type activities	374,012.32		389.89	316,923.71	(56,698.72)	(56,698.72)
<b>Total primary government</b>	\$ 30,253,362.98	\$	\$ 4,718,573.96	\$ 2,529,623.98	\$ (22,948,466.32)	\$ (23,005,165.04)
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property taxes, levied for general purposes, net					\$ 16,812,751.00	\$ 16,812,751.00
Taxes levied for debt service					1,116,680.00	1,116,680.00
Federal and state aid not restricted					6,829,476.58	6,829,476.58
Federal and state aid restricted					28,002.95	28,002.95
Miscellaneous income					154,326.76	154,326.76
Transfers					(16,238.31)	(16,238.31)
Total general revenues and special items					24,924,995.98	24,941,237.29
Change in Net Position					1,976,532.66	1,936,072.25
Net Position - beginning (as restated)					15,125,329.36	15,217,458.64
Net Position ending					\$ 17,101,862.02	\$ 17,153,530.89

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, 2021

	<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>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 2,992,199.59	\$ 122,200.14	\$ 365,215.90	\$ 1.87	\$ 3,479,617.50
Cash, Capital Reserve	3,816,928.71				3,816,928.71
Cash, Maintenance Reserve	3,957,190.57				3,957,190.57
Other receivables	216,300.30				216,300.30
Receivables from other governments	<u>375,343.11</u>	<u>163,949.48</u>			<u>539,292.59</u>
<b>Total assets</b>	<b>\$ <u>11,357,962.28</u></b>	<b>\$ <u>286,149.62</u></b>	<b>\$ <u>365,215.90</u></b>	<b>\$ <u>1.87</u></b>	<b>\$ <u>12,009,329.67</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
State unemployment insurance payable	\$ 3,917.82				\$ 3,917.82
Payable to state government		14,239.00			14,239.00
Unearned revenue	<u>20,790.00</u>	<u>74,964.35</u>			<u>95,754.35</u>
<b>Total liabilities</b>	<u>24,707.82</u>	<u>89,203.35</u>			<u>113,911.17</u>
<b>Fund balances:</b>					
<b>Restricted:</b>					
Capital reserve	3,816,928.71				3,816,928.71
Maintenance reserve	3,957,190.57				3,957,190.57
State Unemployment Insurance	239,815.34				239,815.34
Excess Surplus designated for subsequent years expenditures	1,368,222.70				1,368,222.70
Excess surplus - Current Year	478,190.03				478,190.03
Capital projects fund			347,277.90		347,277.90
Debt service fund				0.87	0.87
Student Activities		196,946.27			196,946.27
<b>Assigned:</b>					
Encumbrances	115,955.87		17,936.00		133,893.87
Designated for subsequent years expenditures					
Other	15,507.30			1.00	15,508.30
SEMI - FFCRA	4,493.06				4,493.06
Unassigned	<u>1,336,950.88</u>				<u>1,336,950.88</u>
<b>Total fund balances</b>	<u>11,333,254.46</u>	<u>196,946.27</u>	<u>365,215.90</u>	<u>1.87</u>	<u>11,895,418.50</u>
<b>Total liabilities and fund balances</b>	<b>\$ <u>11,357,962.28</u></b>	<b>\$ <u>286,149.62</u></b>	<b>\$ <u>365,215.90</u></b>	<b>\$ <u>1.87</u></b>	<b>\$ <u>12,009,329.67</u></b>

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



SPOTSWOOD BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Total Fund Balances (Brought Forward)		\$11,895,418.50
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$47,805,636.30	
Accumulated Depreciation	<u>(23,954,851.00)</u>	23,850,785.30
<p>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.</p>		
Net Pension Liability	(5,573,969.00)	
Compensated Absences	(821,601.08)	
Bonds Payable		
Outstanding at June 30, 2021	(\$10,418,000.00)	
Less: Unamortized Balance of Refunding Bonds	<u>(25,331.00)</u>	
	<u>(10,443,331.00)</u>	(16,838,901.08)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related	<u>859,732.00</u>	1,233,651.00
Deferred Inflows:		
Pension related		(2,516,187.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related	(399,000.00)	
Accrued Interest Payable	<u>(123,904.70)</u>	(522,904.70)
Net Position of Governmental Activities		<u><u>\$17,101,862.02</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, 2021**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
<b>Local sources:</b>					
Local tax levy	\$ 16,812,751.00	\$	\$	\$ 1,116,680.00	\$ 17,929,431.00
Tuition from Individuals	82,688.05				82,688.05
Tuition from other LEAs within the State	4,474,322.44				4,474,322.44
Unrestricted Miscellaneous Revenues	99,058.53	177,562.40			276,620.93
Interest on Maintenance Reserve	81.44				81.44
Interest on Capital Reserve	60.07				60.07
<b>Total - local sources</b>	<b>21,468,961.53</b>	<b>177,562.40</b>		<b>1,116,680.00</b>	<b>22,763,203.93</b>
<b>Intermediate Sources:</b>					
PILOT Payment to School District	216,300.30				216,300.30
State sources	12,081,205.65	95,032.00		101,266.00	12,277,503.65
Federal sources	58,605.27	782,743.48			841,348.75
<b>Total revenues</b>	<b>33,825,072.75</b>	<b>1,055,337.88</b>		<b>1,217,946.00</b>	<b>36,098,356.63</b>
<b>EXPENDITURES:</b>					
<b>Current expense:</b>					
Regular instruction	9,362,434.37				9,362,434.37
Special instruction	1,799,729.63				1,799,729.63
Other Instruction	549,364.74				549,364.74
<b>Support services:</b>					
Tuition	941,630.11				941,630.11
Student & instruction related services	2,748,350.32	1,104,297.09			3,852,647.41
General administrative services	347,282.36				347,282.36
School administrative services	1,054,783.12				1,054,783.12
Central service/Admin information technology	746,998.11				746,998.11
Plant operations and maintenance	3,074,066.36				3,074,066.36
Pupil transportation	812,636.96				812,636.96
Unallocated benefits	10,122,873.14				10,122,873.14
Transfer to Charter Schools	84,320.00				84,320.00
<b>Debt Service:</b>					
Principal	165,000.00			925,000.00	1,090,000.00
Interest	50,700.00			292,946.26	343,646.26
Capital outlay	157,851.84				157,851.84
<b>Total expenditures</b>	<b>32,018,021.06</b>	<b>1,104,297.09</b>		<b>1,217,946.26</b>	<b>34,340,264.41</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,807,051.69</b>	<b>(48,959.21)</b>		<b>(0.26)</b>	<b>1,758,092.22</b>
<b>Other financing sources (uses):</b>					
Transfers to Cover Deficit (Enterprise Fund)	(16,238.31)				(16,238.31)
<b>Total other financing sources</b>	<b>(16,238.31)</b>				<b>(16,238.31)</b>
<b>Net change in fund balances</b>	<b>1,790,813.38</b>	<b>(48,959.21)</b>		<b>(0.26)</b>	<b>1,741,853.91</b>
Fund balances, July 1, (as Restated)	\$ 9,542,441.08	\$ 245,905.48	\$ 365,215.90	\$ 2.13	\$ 10,153,564.59
Fund balances, June 30,	\$ 11,333,254.46	\$ 196,946.27	\$ 365,215.90	\$ 1.87	\$ 11,895,418.50

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, 2021

Total net change in fund balances - governmental funds (from B-2)		\$1,741,853.91
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		(1,260,986.00)
Capital outlays	\$157,851.84	
Less: Capital Outlays not capitalized	<u>(47,744.00)</u>	110,107.84
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		1,090,000.00
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		68,961.93
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.		
		16,748.43
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 on Refunding Bonds	<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	373,919.00	
Less: Pension expense	<u>(130,795.00)</u>	243,124.00
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>(33,885.45)</u>
Change in net position of governmental activities (A-2)		<u>\$1,976,532.66</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, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			
	<u>C.A.R.E.S.</u>	<u>FOOD SERVICE</u>	<u>S.T.E.A.M.</u>	<u>TOTAL</u>
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$3,301.43		\$3,558.25	\$6,859.68
Accounts receivable:				
State		1,441.77		1,441.77
Federal		30,927.38		30,927.38
Intrafunds		475.00		475.00
Inventories		4,050.14		4,050.14
	<u>3,301.43</u>	<u>51,784.31</u>	<u>3,558.25</u>	<u>58,643.99</u>
<b>Total current assets</b>				
<b>Noncurrent assets:</b>				
Furniture, machinery and equipment		303,265.00		303,265.00
Less accumulated depreciation		(282,225.25)		(282,225.25)
		<u>21,039.75</u>		<u>21,039.75</u>
<b>Total noncurrent assets</b>				
	<u>3,301.43</u>	<u>72,824.06</u>	<u>3,558.25</u>	<u>79,683.74</u>
<b>Total assets</b>				
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Cash Deficit		16,787.08		16,787.08
Intrafunds	475.00			475.00
Unearned revenue		10,523.35		10,523.35
Accounts payable	229.44			229.44
	<u>704.44</u>	<u>27,310.43</u>		<u>28,014.87</u>
<b>Total current liabilities</b>				
	<u>704.44</u>	<u>27,310.43</u>		<u>28,014.87</u>
<b>Total liabilities</b>				
<b>NET POSITION:</b>				
Net investment in capital assets		21,039.75		21,039.75
Unrestricted	2,596.99	24,473.88	3,558.25	30,629.12
	<u>2,596.99</u>	<u>45,513.63</u>	<u>3,558.25</u>	<u>51,668.87</u>
<b>Total net position</b>				

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, 2021**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	C.A.R.E.S.	FOOD SERVICE	S.T.E.A.M.	
OPERATING REVENUES:				
Charges for services:				
Special Functions		\$389.89		389.89
Total operating revenues		389.89		389.89
OPERATING EXPENSES:				
Cost of sales - reimbursable		153,122.06		153,122.06
Cost of sales - non-reimbursable		32,648.07		32,648.07
Salaries	51,954.75	73,848.06		125,802.81
Employee benefits		27,227.10		27,227.10
Supplies and materials	15,941.85			15,941.85
Depreciation		13,276.00		13,276.00
Miscellaneous		5,994.43		5,994.43
Total operating expenses	67,896.60	306,115.72		374,012.32
Operating income (loss)	(67,896.60)	(305,725.83)		(373,622.43)
NONOPERATING REVENUES (EXPENSES):				
State Sources				
State School Lunch Program		9,814.64		9,814.64
Federal Sources:				
National School Lunch Program		187,858.71		187,858.71
School Breakfast Program		61,358.85		61,358.85
Healthy Hunger-Free Kids Act		3,746.47		3,746.47
Emergency Operational Costs Reimbursement Program		14,276.02		14,276.02
P-EBT Administrative Cost Reimbursement		614.00		614.00
National food distribution commodities		39,255.02		39,255.02
Total nonoperating revenues (expenses)		316,923.71		316,923.71
Excess (deficiency) of revenues over (under) expenditures	(67,896.60)	11,197.88		(56,698.72)
Other financing uses:				
Transfer of funds		16,238.31		16,238.31
Total other financing (uses)		16,238.31		16,238.31
Net change in fund balances	(67,896.60)	27,436.19		(40,460.41)
Total net position - beginning	70,493.59	18,077.44	3,558.25	92,129.28
Total net position - ending	\$2,596.99	\$45,513.63	\$3,558.25	\$51,668.87

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, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	C.A.R.E.S.	FOOD SERVICE	S.T.E.A.M.	
Cash flows from operating activities:				
Receipts from customers		\$389.89		\$389.89
Payments to employees	(51,954.75)	(73,848.06)		(125,802.81)
Payments to employee benefits		(27,227.10)		(27,227.10)
Payments to suppliers	(15,712.41)	(145,675.85)		(161,388.26)
Net cash provided by (used for) operating activities	(67,667.16)	(246,361.12)		(314,028.28)
Cash flows from noncapital financing activities:				
State sources		8,404.28		8,404.28
Federal sources		224,023.73		224,023.73
Operating subsidies and transfers to other funds		16,238.31		16,238.31
Net cash provided by noncapital financing activities		248,666.32		248,666.32
Net increase (decrease) in cash and cash equivalents	(67,667.16)	2,305.20		(65,361.96)
Cash and cash equivalents, July 1, 2020	70,968.59	(19,092.28)	3,558.25	55,434.56
Cash and cash equivalents, June 30, 2021	\$3,301.43	(\$16,787.08)	\$3,558.25	(\$9,927.40)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$67,896.60)	(\$305,725.83)		(\$373,622.43)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		13,276.00		13,276.00
Federal commodities		39,255.02		39,255.02
Change in assets and liabilities:				
Increase (decrease) in unearned revenue		3,044.23		3,044.23
Increase (decrease) in accounts payable	229.44	(319.40)		(89.96)
(Increase) decrease in inventories		4,108.86		4,108.86
	229.44	59,364.71		59,594.15
Net cash provided by (used for) operating activities	(67,667.16)	(246,361.12)		(314,028.28)

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, 2021**

**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, 2021**

**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. 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, 2021**

**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. Separate statements are presented for each fund category- governmental and proprietary. 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 Statement 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, 2021**

**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.

**Recently Adopted Accounting Pronouncements**

Beginning with the year ended June 30, 2021, the District has implemented GASB Statement 84, *Fiduciary Activities*. The objective of this new Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently Adopted Accounting Pronouncements (Continued)**

As a result of the implementation of this Statement, the New Jersey Department of Education has made the following determinations as to the reporting of certain funds which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	Prior to implementation of <u>GASB 84</u>	After Implementation of <u>GASB 84</u>
Student Activity Funds	Fiduciary Fund	Special Revenue Fund
Payroll Agency Funds	Fiduciary Fund	General Fund
State Unemployment Compensation Fund	Fiduciary Fund	General Fund

**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 and Proprietary 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.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting-Measurement Focus (Continued)**

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.

**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. Budget amendments during the year ended June 30, 2021 totaled \$270,337.75.

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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, State Unemployment Insurance, Student Activities 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, 2021**

**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, 2021**

**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, 2021**

**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 1<sup>st</sup> 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, 2021**

**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, 2021:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 11,766,209.86
Proprietary Funds (deficit)	<u>(10,028.40)</u>
Total Cash in Bank	\$ 11,756,181.46
Less: Reconciling Items	<u>(512,372.08)</u>
	<u>\$ 11,243,809.38</u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021, 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 \$11,756,181.46, \$250,000.00 was covered by Federal Depository Insurance, \$11,262,096.01 was covered under the provisions of NJGUDPA and \$244,085.45 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, 2021**

**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, 2021, the District has \$244,085.45 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, 2021**

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>			
Capital assets not being depreciated:			
Land	\$195,905.00		\$195,905.00
Construction in Progress	<u>2,785,309.65</u>	<u>\$15,361.33</u>	<u>2,800,670.98</u>
Total Capital Assets not being depreciated	<u>2,981,214.65</u>	<u>15,361.33</u>	<u>2,996,575.98</u>
Site improvements	3,261,729.00		3,261,729.00
Buildings & Building Improvements	38,433,224.81		38,433,224.81
Machinery & Equipment	<u>3,019,360.00</u>	<u>94,746.51</u>	<u>3,114,106.51</u>
Totals at historical cost	<u>44,714,313.81</u>	<u>94,746.51</u>	<u>44,809,060.32</u>
Gross Assets (Memo only)	<u>47,695,528.46</u>	<u>110,107.84</u>	<u>47,805,636.30</u>
Less: Accumulated Depreciation			
Site improvements	(2,195,670.00)	(101,394.00)	(2,297,064.00)
Buildings & Building Improvements	(18,787,561.00)	(946,538.00)	(19,734,099.00)
Machinery & Equipment	<u>(1,710,634.00)</u>	<u>(213,054.00)</u>	<u>(1,923,688.00)</u>
Total Depreciation	<u>(22,693,865.00)</u>	<u>(1,260,986.00)</u>	<u>(23,954,851.00)</u>
Total capital assets being depreciated, net of depreciation	<u>22,020,448.81</u>	<u>(1,166,239.49)</u>	<u>20,854,209.32</u>
Total Governmental Fund Activities	<u>\$25,001,663.46</u>	<u>(\$1,150,878.16)</u>	<u>\$23,850,785.30</u>



**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 3: CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Proprietary Activities:			
Machinery & Equipment	<u>\$303,265.00</u>	<u>                    </u>	<u>\$303,265.00</u>
Totals at historical cost	<u>303,265.00</u>	<u>                    </u>	<u>303,265.00</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(268,949.25)</u>	<u>(13,276.00)</u>	<u>(282,225.25)</u>
Total Depreciation	<u>(268,949.25)</u>	<u>(13,276.00)</u>	<u>(282,225.25)</u>
Total Proprietary Fund Activities	<u>\$34,315.75</u>	<u>(\$13,276.00)</u>	<u>\$21,039.75</u>

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

Instruction	\$680,855.81
Support services:	
Student & Instruction Related Services	229,000.84
General Administration	19,232.72
School Administration	48,901.95
Central Service/Adm Tech	35,748.31
Plant Operations & Maintenance	123,953.37
Pupil transportation	<u>123,293.00</u>
	<u>\$1,260,986.00</u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021:

	Balance June 30, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2021</u>	Amounts due Within <u>one year</u>
Bonds Payable	\$11,508,000.00		\$1,090,000.00	\$10,418,000.00	\$1,130,000.00
Unamortized Bond Premium	117,512.00		23,502.00	94,010.00	23,502.00
Compensated Absences	787,715.64	33,885.45		821,601.09	
Capital Leases Payable	68,961.93		68,961.93	0.00	
Pension Liability	6,032,463.00		458,494.00	5,573,969.00	
	<u>\$18,514,652.57</u>	<u>\$33,885.45</u>	<u>\$1,640,957.93</u>	<u>\$16,907,580.09</u>	<u>\$1,153,502.00</u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2021, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30,			
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>\$10,418,000.00</u>	<u>\$1,908,739.46</u>	<u>\$12,326,739.46</u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021</u>
\$7,135,000.00 in Refunding School Bonds dated May 16, 2007, due in remaining annual installments ranging between \$650,000.00 and \$675,000.00 beginning January 15, 2022 and ending January 15, 2024 with interest from 4.00% to 4.25%	1,990,000.00
\$2,630,000.00 in School Energy Savings Obligation Refunding Bonds dated April 24, 2012 due in remaining annual installment of ranging between \$180,000.00 and \$265,000.00 due beginning April 1, 2022 and ending April 1, 2027 with interest ranging from 2.25% to 3.75%	1,325,000.00
\$8,223,000.00 in School Bond, dated January 7, 2016, due in remaining annual installments ranging between \$300,000.00 and \$525,000.00 beginning September 1, 2021 and ending September 1, 2035 with interest from 2.00% to 3.00%	7,103,000.00
	\$10,418,000.00

**Bonds Authorized But Not Issued**

As of June 30, 2021, the District had \$-0- in Bonds Authorized But Not Issued.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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](http://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, 2021**

**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, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements (Continued)**

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. As of April 1, 2018 employee contributions rates were are 7.50%

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>
2021	\$399,000.00	100%	-0-
2020	\$373,919.00	100%	-0-
2019	\$326,952.00	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>
2021	\$3,157,740.00	100%	-0-
2020	\$2,366,825.00	100%	-0-
2019	\$2,143,894.00	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, 2021, 2020, and 2019 \$845,545.34, \$840,420.37, and \$843,023.33 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, 2021**

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

**Public Employees Retirement System (PERS)**

At June 30, 2021, the District reported a liability of \$5,573,969.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0341806435 percent, which was an increase of 0.0007013405 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$130,796.00 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$101,493	\$19,712
Changes of assumptions	180,826	2,333,874
Net difference between projected and actual earnings on pension plan investments	190,523	
Changes in proportion and differences between District contributions and proportionate share of contributions	361,809	162,601
District contributions subsequent to the measurement date	<u>399,000</u>	
	<u>\$1,233,651</u>	<u>\$2,516,187</u>

The \$399,000.00 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, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.



**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

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

**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:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2021	(\$659,589)
2022	(597,827)
2023	(324,569)
2024	(107,520)
2025	7,969
	<u>(\$1,681,536)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00%-6.00%	2.00%-6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	3.00%-7.00%	3.00%-7.00%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

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

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

**Actuarial Assumptions (Continued)**

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2020, 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 <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the net pension liability	\$7,071,872	\$5,573,969	\$4,383,979

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 by visiting <http://www.state.nj.us/treasury/pensions>.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$71,055,797</u>
	<u>\$71,055,797</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020. 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, 2020, the proportion of the TPAF net pension liability associated with the District was .1079075108% which was an increase of .0010989788 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$4,418,552.00 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, 2020 measurement date.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.65%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Mortality Rate**

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2020 and June 30, 2019 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

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

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.40% and 5.60% as of June 30, 2020 and 2019, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2020 and 2019, and a municipal bond rate of 2.21% and 3.50% as of June 30, 2020 and 2019, 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 based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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 by visiting <http://www.state.nj.us/treasury/pensions>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75**

**Plan Description and Benefits Provided**

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,108</u>



**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Total Non-Employer OPEB Liability**

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2021 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	74,147,775
	<u>74,147,775</u>
	<u>\$74,147,775</u>

The total Non-Employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2021, the District recognized on-behalf post-employment expense and revenue of \$3,940,675 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2020 measurement date.

At June 30, 2020, the District's proportion was .1093464325 percent, which was an increase of .0012852007 from its proportion measured as of June 30, 2019.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Inputs**

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2020</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-4.45%*	3.00-7.00%*	Applied to All Future Years

	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
CPI – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

\*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Input (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015— June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 and June 30, 2019 was 2.21% and 3.50% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2019 to June 30, 2020.

Balance at 6/30/19		\$45,092,959
Changes for the year:		
Service cost	\$1,962,870	
Interest	1,625,237	
Differences between expected and actual experience	13,174,184	
Changes in assumptions or other inputs	13,544,251	
Membership Contributions	39,126	
Benefit payments - Net	<u>(1,290,852)</u>	
Net changes		<u>29,054,816</u>
Balance at 6/30/20		<u><u>\$74,147,775</u></u>

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB 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:

	June 30, 2020		
	<u>1.00%</u> <u>Decrease (1.21%)</u>	<u>At Discount</u> <u>Rate (2.21%)</u>	<u>1.00%</u> <u>Increase (3.21%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$89,388,970	\$74,147,775	\$62,230,628

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00%</u> <u>Decrease</u>	June 30, 2020 <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$59,854,584	\$74,147,775	\$91,167,788

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability**

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>		<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 11,257,564	\$	10,027,837
Changes of assumptions	12,612,292		8,460,681
Changes in proportion	2,380,544		181,410
	\$ 26,250,400	\$	18,669,928

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	Amount
<u>June 30,</u>	
2021	\$487,328
2022	\$487,328
2023	\$487,328
2024	\$487,328
2025	\$487,328
Total	
Thereafter	<u>\$5,143,833</u>
	<u><u>\$7,580,472</u></u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)**

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

**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.

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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 2020-2021 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.

**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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District for the current and previous two years:

Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance	Analysis of Balance 06/30/21	
				State Unemployment Insurance Payable	Restricted Fund Balance
2021	\$27,386.54	\$23,468.72	\$243,733.16	\$3,917.82	\$239,815.34
2020	26,939.49	28,399.81	239,815.34	N/A	N/A
2019	27,106.92	7,634.92	241,275.66	N/A	N/A

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021, a liability existed for compensated absences for governmental fund-types in the district- wide statement of net position of \$821,601.09.

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

**NOTE 12: FUND BALANCE**

**General Fund** The table below reflects the District's Fund Balance at June 30, 2021 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	\$ 1,368,222.70	\$	\$ 1,368,222.70
Current Year	1,145,703.65	(666,864.09)	478,839.56
Maintenance Reserve	3,957,190.57		3,957,190.57
Capital Reserve	3,816,928.71		3,816,928.71
State Unemployment Insurance	239,815.34		239,815.34
Assigned:			
Designated for Subsequent			
Year's Expenditures	20,000.36		20,000.36
Encumbrances	115,955.87		115,955.87
Unassigned	<u>1,336,301.35</u>		<u>1,336,301.35</u>
	<u>\$ 12,000,118.55</u>	<u>\$ (666,864.09)</u>	<u>\$ 11,333,254.46</u>



**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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 2021		\$32,018,021.06
Increased by:		
Transfers to Cover Deficit (Enterprise Fund)		<u>\$16,238.31</u>
		\$32,034,259.37
Less:		
Reimb. TPAF Social Security Contributions	\$845,545.34	
Reimb. TPAF Pension Contributions	<u>4,228,017.00</u>	
		<u>5,073,562.34</u>
Adjusted General Fund Expenditures		\$26,960,697.03
Excess Surplus Percentage		<u>4.00%</u>
		\$1,078,427.88
Increased by:		
Extraordinary Aid (unbudgeted)	\$243,443.00	
Non-Public Transportation Aid (unbudgeted)	<u>15,080.00</u>	
		<u>258,523.00</u>
Maximum Unassigned General Fund Balance		\$1,336,950.88
Actual Unassigned General Fund Balance		<u>2,482,005.00</u>
Excess Surplus		<u><u>\$1,145,054.12</u></u>
Recapitulation of Excess Surplus, June 30, 2021:		
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditure		\$1,368,222.70
Restricted for Excess Surplus		<u>1,145,054.12</u>
		<u><u>\$2,513,276.82</u></u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

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

**Calculation of Excess Surplus (Continued)** Based on the preceding calculation, as of June 30, 2021, \$1,145,054.12 is reported as Restricted Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2022-23 budget. \$1,368,222.70 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 2021-22 budget.

**NOTE 14: INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances remaining on the balance sheet at June 30, 2021.

**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.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance, July 1, 2020 (Budgetary Basis)	\$	2,816,868.64
Interest Earnings		60.07
Deposits:		
Board Resolution dated 06/15/21	\$	<u>1,000,000.00</u>
		<u>1,000,000.00</u>
Balance, June 30, 2021 (Budgetary Basis)	\$	<u><u>3,816,928.71</u></u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**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, 2021, the balance of the Maintenance Reserve Account was \$3,957,190.57 and is within the statutory limitations.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance, July 1, 2020	\$	3,818,892.88
Interest Earnings		81.44
Deposits:		
Board Resolution dated 06/15/21	\$	<u>1,000,000.00</u>
		<u>1,000,000.00</u>
		4,818,974.32
Withdrawals:		
Budgeted Withdrawal		540,000.00
Board Resolution dated 10/06/20		<u>321,783.75</u>
		<u>861,783.75</u>
Balance, June 30, 2021	\$	<u><u>3,957,190.57</u></u>

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 17: INVENTORY**

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food and Supplies	<u>\$4,050.14</u>
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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.

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 \$374,834.64 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 FY2021.

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. For the year ended June 30, 2021 the District realized \$216,300.30 in revenue under the terms of these agreements

**Spotswood Borough School District**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ending June 30, 2021**

**NOTE 19: SUBSEQUENT EVENTS**

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 7, 2022 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:

**NOTE 20: PRIOR PERIOD ADJUSTMENTS**

As of July 1, 2020 the District implemented GASB Statement No. 84 Fiduciary Activities (GASB 84). Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the Governmental Funds. The District restated the net position and fund balance of the funds indicated below to appropriately reflect the June 30, 2020 balances as follows:

District-Wide Financial Statements:

	<u>Governmental Activities</u>
Beginning Net Position 06/30/20	\$14,639,608.54
Adjustments:	
Unemployment Compensation	239,815.34
Student Activity Fund Balance	<u>245,905.48</u>
Beginning Net Position 06/30/20 (As restated)	<u><u>\$15,125,329.36</u></u>

Fund Financial Statements:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Fiduciary Fund</u>
Fund Balance 06/30/20	9,302,625.74		\$239,815.34
Adjustments:			
Unemployment Compensation Fund	239,815.34		(239,815.34)
Student Activity Fund Balance	<u>245,905.48</u>	<u>245,905.48</u>	<u>                    </u>
Fund Balance 06/30/20 (As restated)	<u><u>\$9,542,441.08</u></u>	<u><u>\$245,905.48</u></u>	<u><u>-0-</u></u>

	<u>Fiduciary Fund</u>
Liabilities Balance 06/30/20	\$244,771.08
Payroll deductions and withholdings	(\$4,955.74)
Due to student groups	<u>(239,815.34)</u>
Liabilities 06/30/20 (As restated)	<u><u>\$-0-</u></u>

**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, 2021

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 16,812,751.00	\$	\$ 16,812,751.00	\$ 16,812,751.00	\$
Tuition from Individuals	236,250.00		236,250.00	82,688.05	(153,561.95)
Tuition from Other LEAs Within State	4,454,731.00		4,454,731.00	4,474,322.44	19,591.44
Rents and Royalties	10,000.00		10,000.00		(10,000.00)
Unrestricted Miscellaneous Revenues	60,000.00		60,000.00	99,058.53	39,058.53
Interest Earned on Maintenance Reserve	100.00		100.00	81.44	(18.56)
Interest Earned on Capital Reserve Funds	100.00		100.00	60.07	(39.93)
<b>Total Local Sources</b>	<u>21,573,932.00</u>		<u>21,573,932.00</u>	<u>21,468,961.53</u>	<u>(104,970.47)</u>
Intermediate Sources:					
PILOT Payment to School District	130,000.00		130,000.00	216,300.30	86,300.30
<b>Total Intermediate Sources</b>	<u>130,000.00</u>		<u>130,000.00</u>	<u>216,300.30</u>	<u>86,300.30</u>
State Sources:					
Categorical Transportation Aid	236,772.00		236,772.00	236,772.00	
Extraordinary Aid	75,000.00		75,000.00	318,443.00	243,443.00
Categorical Special Education Aid	1,007,326.00	(11,446.00)	995,880.00	995,880.00	
Equalization Aid	5,275,296.00		5,275,296.00	5,275,296.00	
Categorical Security Aid	160,684.00		160,684.00	160,684.00	
Other State Aids				15,080.00	15,080.00
On-behalf TPAF Contributions-non-budgeted				3,157,740.00	3,157,740.00
On-behalf TPAF N.C.G.I.-non-budgeted				60,080.00	60,080.00
Reimbursed TPAF Soc. Sec. Contribution-non-budgeted				845,545.34	845,545.34
Post Retirement Medical-non budgeted				1,008,415.00	1,008,415.00
Long Term Disability Insurance				1,782.00	1,782.00
<b>Total State Sources</b>	<u>6,755,078.00</u>	<u>(11,446.00)</u>	<u>6,743,632.00</u>	<u>12,075,717.34</u>	<u>5,332,085.34</u>
Federal Sources:					
Medicaid Reimbursement	25,787.00		25,787.00	54,112.21	28,325.21
Medicaid Reimbursement-ARRA				4,493.06	4,493.06
<b>Total Federal Sources</b>	<u>25,787.00</u>		<u>25,787.00</u>	<u>58,605.27</u>	<u>32,818.27</u>
<b>Total Revenues</b>	<u>28,484,797.00</u>	<u>(11,446.00)</u>	<u>28,473,351.00</u>	<u>33,819,584.44</u>	<u>5,346,233.44</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Instruction - Regular Programs:					
Preschool	377,585.00	(102,127.68)	275,457.32	252,930.00	22,527.32
Kindergarten	337,060.00	(55,580.00)	281,480.00	276,842.50	4,637.50
Grades 1-5	1,998,068.00	48,080.00	2,046,148.00	1,986,934.46	59,213.54
Grades 6-8	1,859,505.00	1,390.00	1,860,895.00	1,789,421.85	71,473.15
Grades 9-12	3,956,658.00	(67,690.00)	3,888,968.00	3,831,847.84	57,120.16
Regular programs - home instruction:					
Salaries of teachers	30,000.00		30,000.00	368.00	29,632.00
Purchased professional educational services	20,000.00		20,000.00	1,727.30	18,272.70



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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 513,419.00	\$ (149,200.00)	\$ 364,219.00	\$ 293,077.09	\$ 71,141.91
Purchased professional - educational services	100,000.00	65,200.00	165,200.00	165,111.00	89.00
Other purchased services (400 - 500 series)	31,564.76	(225.00)	31,339.76	7,790.30	23,549.46
General supplies	744,903.93	111,189.93	856,093.86	720,612.23	135,481.63
Textbooks	73,221.00	(25,869.08)	47,351.92	34,882.48	12,469.44
Other objects	9,569.39	125.00	9,694.39	939.32	8,755.07
Total regular programs	10,051,574.08	(174,666.83)	9,876,907.25	9,362,434.37	514,472.88
Instruction - Special Education:					
Resource Room / Resource Center:					
Salaries of Teachers	1,292,110.00	211,600.00	1,503,710.00	1,155,517.36	136,592.64
Other salaries for instruction	265,167.00	(1,575.36)	263,591.64	450,433.82	26,333.18
General Supplies	7,250.00		7,250.00	4,445.00	1,229.64
Textbooks	2,940.00		2,940.00	59.80	2,880.20
Total Resource Room / Resource Center	1,567,467.00	210,024.64	1,777,491.64	1,610,455.96	167,035.68
Autism:					
Salaries of Teachers	132,540.00	(700.00)	131,840.00	84,435.00	47,405.00
Other Salaries for Instruction	46,737.00	600.00	47,337.00	17,895.09	29,441.91
Total Autism	179,277.00	(100.00)	179,177.00	102,330.09	76,846.91
Preschool Disabilities - Full - Time:					
Salaries of Teachers	57,605.00		57,605.00	57,605.00	
Other Salaries for Instruction	47,260.00		47,260.00	29,338.56	17,921.44
Total Preschool Disabilities - Full - Time	104,865.00		104,865.00	86,943.56	17,921.44
Total Special Education	1,851,609.00	209,924.64	2,061,533.64	1,799,729.63	261,804.01
Basic Skills / Remedial:					
Salaries of Teachers	38,510.00		38,510.00	12,787.82	25,722.18
General Supplies	1,200.00	(360.00)	840.00	840.00	
Total Basic Skills / Remedial	39,710.00	(360.00)	39,350.00	12,787.82	26,562.18
Bilingual Education Instruction:					
Salaries of Teachers	88,000.00	(13,000.00)	75,000.00	49,562.57	25,437.43
Total Bilingual Education Instruction	88,000.00	(13,000.00)	75,000.00	49,562.57	25,437.43
School Sponsored Co-Curricular Activities:					
Salaries	170,000.00		170,000.00	128,217.51	41,782.49
Supplies and Materials	9,045.00	(2,488.50)	6,556.50	2,500.00	4,056.50
Other Objects	1,800.00	4,880.00	6,680.00	6,061.68	318.32
Total School Sponsored Co-Curricular Activities	180,845.00	2,091.50	182,936.50	136,779.19	46,157.31
School Sponsored Athletics:					
Salaries	295,167.00		295,167.00	270,040.70	25,126.30
Purchased Services (300-500 Series)	78,195.00	2,500.00	80,695.00	51,369.69	29,325.31
Supplies and Materials	35,397.00	(9,033.10)	26,363.90	21,386.77	4,977.13
Other Objects	18,660.00		18,660.00	7,438.00	11,222.00
Total School Sponsored Athletics	427,419.00	(6,533.10)	420,885.90	350,235.16	70,650.74
Total Other Instructional Programs	735,974.00	(17,801.60)	718,172.40	549,384.74	168,807.66
Total - Instruction	12,639,157.08	17,426.21	12,656,583.29	11,711,528.74	945,054.55

**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, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition to CSSD & Regional Day Schools	664,482.00	(79,946.00)	584,536.00	225,345.52	359,190.48
Tuition to Private Schools for the Handicapped w/in State	845,000.00		845,000.00	712,234.59	132,765.41
Tuition - State Facilities		4,500.00	4,500.00	4,050.00	450.00
Total Undistributed Expenditures - Instruction	<u>1,509,482.00</u>	<u>(75,446.00)</u>	<u>1,434,036.00</u>	<u>941,630.11</u>	<u>492,405.89</u>
Attendance and Social Work Services:					
Salaries	66,690.00		66,690.00	63,990.99	2,759.01
Total Attendance and Social Work Services	<u>66,690.00</u>		<u>66,690.00</u>	<u>63,990.99</u>	<u>2,759.01</u>
Health Services:					
Salaries	259,062.00		259,062.00	251,098.00	7,964.00
Purchased Professional and Technical Services	624,390.00	(235,000.00)	389,390.00	105,049.95	284,340.05
Supplies and Materials	4,101.00	(805.59)	3,295.41	1,944.52	1,350.89
Total Health Services	<u>887,553.00</u>	<u>(235,805.59)</u>	<u>651,747.41</u>	<u>358,092.47</u>	<u>293,654.94</u>
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	436,229.00	360.00	436,589.00	436,588.00	1.00
Purchased Professional - Educational Services	230,209.00	(60.00)	230,149.00	211,189.50	18,959.50
Supplies and Materials	6,500.00	(2,250.00)	4,250.00	1,004.06	3,245.94
Total Other Support Services - Speech, OT, PT & Related Services	<u>672,938.00</u>	<u>(1,950.00)</u>	<u>670,988.00</u>	<u>648,781.56</u>	<u>22,206.44</u>
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	75,000.00	235,000.00	310,000.00	237,221.15	72,778.85
Total Other Support Services - Students - Extra Services	<u>75,000.00</u>	<u>235,000.00</u>	<u>310,000.00</u>	<u>237,221.15</u>	<u>72,778.85</u>
Guidance:					
Salaries of Other Professional Staff	429,019.00		429,019.00	402,380.13	26,638.87
Salaries of Secretarial and Clerical Assistants	62,254.00		62,254.00	62,253.92	0.08
Purchased Professional - Educational Services	46,197.00		46,197.00	30,148.87	16,048.13
Other Purchased Professional and Tech Services	50.00		50.00	25.00	25.00
Total Guidance	<u>537,520.00</u>		<u>537,520.00</u>	<u>494,807.92</u>	<u>42,712.08</u>
Child Study Teams:					
Salaries of Other Professional Staff	653,361.00		653,361.00	594,588.33	118,772.67
Salaries of Secretarial and Clerical Assistants	112,818.00		112,818.00	110,817.39	2,000.61
Purchased Professional Educational Services	16,100.00		16,100.00	6,530.28	9,569.72
Other Purchased Professional and Technical Svcs.	18,000.00		18,000.00	13,544.82	4,455.18
Other Purchased Services (400-500 series)	12,500.00		12,500.00	10,028.83	2,471.17
Supplies and Materials	17,847.61	(4,740.00)	13,107.61	10,479.04	2,628.57
Other Objects	5,000.00		5,000.00	310.00	4,690.00
Total Child Study Teams	<u>835,626.61</u>	<u>(4,740.00)</u>	<u>830,886.61</u>	<u>686,298.69</u>	<u>144,587.92</u>
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	155,759.00		155,759.00	135,603.94	20,155.06
Salaries of Secretarial and Clerical Assts.	69,000.00	(10,720.00)	58,280.00	29,884.45	28,395.55
Other Salaries	20,000.00		20,000.00	14,382.50	5,617.50
Purchased Prof. and Tech. Services	8,000.00	920.00	8,920.00	8,120.00	800.00
Other Purchased Services (400-500)	5,500.00		5,500.00	5,500.00	5,500.00
Supplies and materials	12,000.00	(3,600.00)	8,400.00	8,400.00	6,729.96
Other Objects	13,500.00		13,500.00	7,764.00	5,736.00
Total Improvement of Instruction Services / Other Support Services - Instructional Staff	<u>283,759.00</u>	<u>(13,400.00)</u>	<u>270,359.00</u>	<u>197,424.93</u>	<u>72,934.07</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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Educational Media Services / School Library:					
Salaries	39,459.00	\$ (377.10)	\$ 39,459.00	\$ 39,458.68	\$ 0.32
Supplies and materials	1,257.00	(377.10)	879.90	879.90	-
Total Educational Media Services / School Library	<u>40,716.00</u>		<u>40,338.90</u>	<u>39,458.68</u>	<u>880.22</u>
Instructional Staff Training Services:					
Other Salaries	1,500.00		1,500.00		1,500.00
Other Purchased Services (400- 500)	30,480.63	(5,791.20)	30,480.63	5,235.13	25,255.50
Supplies and materials	31,000.00		25,208.80	17,108.80	8,100.00
Other Objects	4,000.00		4,000.00		4,000.00
Total Instructional Staff Training Services	<u>66,980.63</u>	<u>(5,791.20)</u>	<u>61,189.43</u>	<u>22,333.93</u>	<u>38,855.50</u>
Support Services General Administration:					
Salaries	242,989.00		242,989.00	236,823.92	6,165.08
General Admin. Salaries-Governance Staff (BOE Direct Reports Only)	5,250.00		5,250.00	5,250.00	-
Unused Vacation Payment to Terminated/Retired Staff	750.00		750.00	750.00	-
Legal Services	35,000.00		35,000.00	22,431.89	12,568.11
Expenditure and Internal Control Audit Fees	52,000.00		52,000.00	52,000.00	-
Communications / Telephone	25,000.00	(5,800.00)	19,200.00	9,724.83	9,475.17
Board Travel Expense	4,700.00		4,700.00		4,700.00
General Supplies	7,100.00	(2,130.00)	4,970.00	2,795.18	4,174.82
Miscellaneous Expenditures	10,250.00		10,250.00	6,077.09	4,172.91
BOE Membership Dues and Fees	16,500.00		16,500.00	11,429.45	5,070.55
Total Support Services General Administration	<u>399,539.00</u>	<u>(7,930.00)</u>	<u>391,609.00</u>	<u>347,282.36</u>	<u>44,326.64</u>
Support Services School Administration:					
Salaries of Principals / Asst. Principals	566,640.00	18,000.00	586,640.00	586,639.72	0.28
Salaries of Other Professionals	150,000.00		150,000.00	139,834.25	10,165.75
Salaries of Secretarial and Clerical Assistants	264,951.00	10,600.00	275,551.00	269,078.71	6,472.29
Other Purchased Services(400-500 series)	73,567.50	(2,000.00)	71,567.50	47,568.62	23,998.88
Supplies and Materials	9,400.00	(2,560.00)	6,840.00	5,808.82	681.18
Other Objects	8,000.00		8,000.00	5,853.00	2,147.00
Total Support Services School Administration	<u>1,074,608.50</u>	<u>23,640.00</u>	<u>1,098,248.50</u>	<u>1,054,783.12</u>	<u>43,465.38</u>
Central Service:					
Salaries	344,380.00	8,000.00	352,380.00	352,275.68	104.32
Unused Vacation Payment to Terminated/Retired Staff	2,250.00	9,425.00	11,675.00	9,408.75	2,266.25
Purchased Professional Services	32,453.95	(9,425.00)	23,028.95	8,786.25	14,242.70
Other Purchase Professional Service	100,400.00		100,400.00	83,402.48	16,997.52
Misc. Purch Services (400-500)	3,500.00	-	3,500.00	425.00	3,075.00
Supplies and Materials	29,000.00	(8,700.00)	20,300.00	11,749.15	8,550.85
Miscellaneous Expenditures	3,500.00		3,500.00	1,690.00	1,810.00
Total Central Service	<u>515,483.95</u>	<u>(700.00)</u>	<u>514,783.95</u>	<u>487,737.31</u>	<u>47,046.64</u>
Administrative Information Technology:					
Salaries	189,475.00		189,475.00	188,137.38	1,337.62
Unused Vacation Payment to Terminated/Retired Staff	750.00		750.00	750.00	-
Purchased Technical Services	35,000.00	633.31	35,633.31	35,633.31	-
Other Purchased Services	5,725.00		5,725.00	1,587.00	4,138.00
Other objects	61,980.00	(633.31)	61,346.69	53,903.11	7,443.58
Total Administrative Information Technology	<u>292,930.00</u>	<u>0.00</u>	<u>292,930.00</u>	<u>279,260.80</u>	<u>13,669.20</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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
<b>Required Maintenance for School Facilities:</b>					
Salaries	\$ 213,617.00	\$ 10,710.82	\$ 224,327.82	\$ 212,342.56	\$ 11,985.26
Cleaning, Repair and Maintenance Services	574,974.00	187,384.75	762,358.75	690,494.10	71,864.65
General Supplies	127,230.00	283,895.76	411,125.76	304,797.10	106,328.66
Other Objects	42,260.49	-	42,260.49	16,109.12	26,151.37
<b>Total Required Maintenance for School Facilities</b>	<b>958,081.49</b>	<b>481,991.33</b>	<b>1,440,072.82</b>	<b>1,223,742.88</b>	<b>216,329.94</b>
<b>Custodial Services:</b>					
Salaries	1,045,152.00	24,915.86	1,070,067.86	958,709.09	111,358.77
Salaries of Non-Instructional Aides	94,367.00	-	94,367.00	76,508.98	17,858.02
Purchased Professional and Technical Services	5,000.00	-	5,000.00	3,113.20	1,886.80
Other Purchased Property Services	24,500.00	-	24,500.00	12,796.68	11,703.32
General Supplies	87,255.06	-	87,255.06	57,025.18	30,229.88
Energy (Natural Gas)	105,350.00	14,000.00	119,350.00	101,785.69	17,564.31
Energy (Heat and Electricity)	447,000.00	(14,000.00)	433,000.00	310,799.73	122,200.27
Other Objects	1,000.00	-	1,000.00	950.00	50.00
Interest - Energy Savings Impr Prog Bonds	55,000.00	-	55,000.00	50,700.00	4,300.00
<b>Total Custodial Services</b>	<b>1,864,624.06</b>	<b>24,915.86</b>	<b>1,889,539.92</b>	<b>1,572,388.55</b>	<b>317,151.37</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	181,138.00	(37,000.00)	144,138.00	120,268.99	23,869.01
Cleaning, Repair And Maintenance	66,874.00	24,825.00	91,699.00	52,781.28	38,917.72
General Supplies	34,820.00	(7,500.00)	27,320.00	15,137.93	12,182.07
<b>Total Care and Upkeep of Grounds</b>	<b>282,832.00</b>	<b>(19,675.00)</b>	<b>263,157.00</b>	<b>188,188.20</b>	<b>74,968.80</b>
<b>Security:</b>					
Salaries	110,927.00	-	110,927.00	90,446.73	20,480.27
Purchased Professional and Technical Services	56,000.00	-	56,000.00	50,000.00	6,000.00
General Supplies	3,175.00	-	3,175.00	3,176.00	(1.00)
<b>Total Security</b>	<b>170,102.00</b>	<b>-</b>	<b>170,102.00</b>	<b>143,622.73</b>	<b>26,479.27</b>
<b>Student Transportation Services:</b>					
Salaries for Pupil Transportation (Between Home and School) - Regular	42,730.00	-	42,730.00	40,729.40	2,000.60
Salaries for Pupil Transportation (Between Home and School) - Special	154,430.00	-	154,430.00	146,382.79	8,047.21
Salaries (Other than H & S)	60,000.00	-	60,000.00	32,337.88	27,662.12
Cleaning, Repair and Maintenance Services	42,717.97	10,644.25	53,362.22	53,362.22	-
Lease Payments	90,000.00	(10,644.25)	79,355.75	70,882.54	8,473.21
Contracted Services - Aid in Lieu Payments-NonPub Sch	72,059.85	-	72,059.85	30,864.10	41,195.75
Contracted Services (Between Home & School) - Vendors	148,727.00	-	148,727.00	91,357.78	57,369.22
Contracted Services (Other than Between Home and School) - Vendors	74,930.52	(1,250.00)	73,680.52	13,795.96	59,884.56
Contract Services (Sp. Ed. Stds.) - Vendors	534,570.53	-	534,570.53	319,330.64	215,239.89
General Supplies	13,000.00	1,250.00	14,250.00	13,593.65	656.35
<b>Total Student Transportation Services</b>	<b>1,233,165.87</b>	<b>1,250.00</b>	<b>1,233,165.87</b>	<b>812,638.96</b>	<b>420,526.91</b>

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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 230,500.00	\$	\$ 230,500.00	\$ 208,875.78	\$ 21,624.22
Social Security Contributions	382,678.21		382,678.21	340,458.00	42,220.21
T.P.A.F. Contributions - ERIP	4,200.00		4,200.00	1,782.00	2,418.00
Other Retirement Contributions - PERS	420,000.00		420,000.00	409,990.12	10,009.88
Workmen's Compensation	215,000.00		215,000.00	184,994.23	30,005.77
Health Benefits	4,023,858.04		4,023,858.04	3,893,799.57	130,058.47
Tuition Reimbursements	55,000.00		55,000.00	9,411.10	45,588.90
Total Unallocated Benefits - Employee Benefits	<u>5,331,236.25</u>		<u>5,331,236.25</u>	<u>5,049,310.80</u>	<u>281,925.45</u>
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				3,157,740.00	(3,157,740.00)
NCGI-non-budgeted				60,080.00	(60,080.00)
Post Retirement Medical-non budgeted				1,008,415.00	(1,008,415.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				845,545.34	(845,545.34)
Long Term Disability Insurance				1,782.00	(1,782.00)
Total TPAF Pension/Social Security				<u>5,073,562.34</u>	<u>(5,073,562.34)</u>
Total Undistributed Expenditures	<u>17,098,869.36</u>	<u>399,732.30</u>	<u>17,498,601.66</u>	<u>19,899,320.48</u>	<u>(2,400,718.82)</u>
General Current Expense:					
Interest Earned on Maintenance Reserve	100.00		100.00		100.00
Total General Current Expense	<u>100.00</u>		<u>100.00</u>		<u>100.00</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>29,738,126.44</u>	<u>417,158.51</u>	<u>30,155,284.95</u>	<u>31,610,849.22</u>	<u>(1,455,564.27)</u>
CAPITAL OUTLAY:					
Equipment:					
Preschool Equipment					
Undistributed-Req. Maint. For Schools	235,700.00	(146,820.76)	88,879.24	41,858.64	47,020.60
Undist.Expend.-Student Trans.-Non-Inst. Equip.	68,249.20		68,249.20	68,249.20	
Total Equipment	<u>303,949.20</u>	<u>(146,820.76)</u>	<u>157,128.44</u>	<u>110,107.84</u>	<u>47,020.60</u>
Facilities Acquisition and Construction Services:					
Lease purchase agreements - principal	165,000.00		165,000.00	165,000.00	
Assessment for Debt Service on SDA Funding	52,518.40		52,518.40	47,744.00	4,774.40
Total Facilities Acquisition and Construction Services	<u>217,518.40</u>		<u>217,518.40</u>	<u>212,744.00</u>	<u>4,774.40</u>
Interest Deposit to Capital Reserve	100.00		100.00		100.00
TOTAL CAPITAL OUTLAY	<u>521,567.60</u>	<u>(146,820.76)</u>	<u>374,746.84</u>	<u>322,851.84</u>	<u>51,895.00</u>
Transfer of funds to charter schools	110,000.00		110,000.00	84,320.00	25,680.00
TOTAL EXPENDITURES	<u>\$ 30,369,694.04</u>	<u>\$ 270,337.75</u>	<u>\$ 30,640,031.79</u>	<u>\$ 32,018,021.06</u>	<u>\$ (1,377,989.27)</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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,884,897.04)	\$ (281,783.75)	\$ (2,166,680.79)	\$ 1,801,563.38	\$ 3,968,244.17
Other financing sources (uses)					
Transfers to Cover Deficit (Enterprise Fund)		(40,000.00)	(40,000.00)	(16,238.31)	(23,761.69)
Total other financing sources		(40,000.00)	(40,000.00)	(16,238.31)	(23,761.69)
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(1,884,897.04)	(321,783.75)	(2,206,680.79)	1,785,325.07	3,992,005.86
Fund balances, July 1 (as restated)	10,214,793.48		10,214,793.48	10,214,793.48	
Fund balances, June 30	\$ 8,329,896.44	\$ (321,783.75)	\$ 8,008,112.69	\$ 12,000,118.55	\$ 3,992,005.86

Recapitulation:  
Assigned - year-end encumbrances \$ 115,965.87  
Restricted - excess surplus - current year 1,145,064.12  
Restricted - excess surplus - designated for subsequent year's expenditures 1,366,222.70  
Restricted - capital reserve 3,816,928.71  
Restricted - maintenance reserve 3,957,190.57  
Restricted - State Unemployment Insurance 239,815.34  
Unassigned fund balance 1,336,950.88  
Assigned - designated for subsequent years expenditures 15,507.30  
Assigned fund balance SEMI designated for subsequent years expenditures 4,483.06  
Reconciliation to governmental funds statements (GAAP):  
Prior Year aid payment not recognized on GAAP basis (666,864.09)  
Fund balance per governmental funds (GAAP) \$ 11,333,254.46

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
State sources	\$ 86,436.00	\$ 28,577.00	\$ 115,013.00	\$ 95,032.00	\$ (19,981.00)
Federal sources	528,106.00	369,414.00	897,520.00	816,224.48	(81,295.52)
Other sources	<u>                    </u>	<u>460,213.34</u>	<u>460,213.34</u>	<u>175,054.51</u>	<u>(285,158.83)</u>
<b>Total revenues</b>	<u>614,542.00</u>	<u>858,204.34</u>	<u>1,472,746.34</u>	<u>1,086,310.99</u>	<u>(386,435.35)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	87,284.00	14,241.00	101,525.00	101,525.00	
Purchased professional services	1,700.00	(1,700.00)			
Tuition	305,776.00	36,243.00	342,019.00	338,680.46	3,338.54
Supplies and materials	55,100.00	150,261.41	205,361.41	160,622.51	44,738.90
Textbooks	6,810.00	1,254.27	8,064.27	7,983.00	81.27
Other Objects	<u>1,275.00</u>	<u>12,899.63</u>	<u>14,174.63</u>	<u>2,250.00</u>	<u>11,924.63</u>
<b>Total instruction</b>	<u>457,945.00</u>	<u>213,199.31</u>	<u>671,144.31</u>	<u>611,060.97</u>	<u>60,083.34</u>
Support services:					
Other salaries	13,529.00	(13,529.00)			
Personal services - employee benefits	30,320.00	4,440.00	34,760.00	34,575.61	184.39
Purchased professional - technical services	49,276.00	198,230.00	247,506.00	197,320.90	50,185.10
Purchased professional - educational services	60,746.00	17,361.00	78,107.00	63,949.00	14,158.00
Other purchased services	2,726.00	(112.09)	2,613.91	13.91	2,600.00
Supplies and materials		31,536.06	31,536.06	18,217.02	13,319.04
Miscellaneous expenditures		<u>407,079.06</u>	<u>407,079.06</u>	<u>210,132.79</u>	<u>196,946.27</u>
<b>Total support services</b>	<u>156,597.00</u>	<u>645,005.03</u>	<u>801,602.03</u>	<u>524,209.23</u>	<u>277,392.80</u>
<b>Total expenditures</b>	<u>614,542.00</u>	<u>858,204.34</u>	<u>1,472,746.34</u>	<u>1,135,270.20</u>	<u>337,476.14</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>(48,959.21)</u>	\$ <u>48,959.21</u>
Fund Balance, July 1			\$		
Prior Period Adjustment				<u>245,905.48</u>	
Fund Balance, July 1 (as restated)				<u>245,905.48</u>	
Fund Balance, June 30			\$	<u>196,946.27</u>	
Analysis of Balance:					
Student Activities			\$	<u>196,946.27</u>	

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$33,819,584.44	\$1,086,310.99
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Federal Grants		(33,481.00)
Local Grants		2,507.89
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(666,864.09)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	672,352.40	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$33,825,072.75</u>	<u>\$1,055,337.88</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$32,018,021.06	\$1,135,270.20
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.		(30,973.11)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$32,018,021.06</u>	<u>\$1,104,297.09</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**

	Measurement Date Ending June 30, 2020	Measurement Date Ending June 30, 2019	Measurement Date Ending June 30, 2018	Measurement Date Ending June 30, 2017	Measurement Date Ending June 30, 2016	Measurement Date Ending June 30, 2015	Measurement Date Ending June 30, 2014	Measurement Date Ending June 30, 2013
District's proportion of the net pension liability (asset)	0.0341806435%	0.0334793030%	0.0319558000%	0.0333017340%	0.0329299531%	0.0339529140%	0.0340267962%	N/A
District's proportionate share of the net pension liability (asset)	\$5,573,969	\$6,032,463	\$6,291,938	\$7,752,111	\$9,752,908	\$7,621,749	\$6,370,747	\$6,822,746
District's covered-employee payroll	2,510,471	2,422,125	2,294,301	2,293,443	2,362,225	2,373,474	2,369,131	2,445,731
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	222.03%	249.06%	274.24%	338.01%	412.87%	321.12%	268.91%	278.97%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	Fiscal Year Ending June 30, 2016	Fiscal Year Ending June 30, 2015	Fiscal Year Ending June 30, 2014
Contractually required contribution	\$ 399,000	\$ 373,919	\$ 325,657	\$ 317,857	\$ 308,505	\$ 294,008	\$ 292,545	\$ 291,904
Contributions in relation to the contractually required contribution	399,000	373,919	325,657	317,857	308,505	294,008	292,545	291,904
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	2,536,034	2,510,471	2,422,125	2,294,301	2,293,443	2,309,179	2,362,225	2,373,474
Contributions as a percentage of covered-employee payroll	15.73%	14.89%	13.45%	13.85%	13.45%	12.73%	12.38%	12.30%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

	Measurement Date Ending June 30, 2020	Measurement Date Ending June 30, 2019	Measurement Date Ending June 30, 2018	Measurement Date Ending June 30, 2017	Measurement Date Ending June 30, 2016	Measurement Date Ending June 30, 2015	Measurement Date Ending June 30, 2014
District's proportion of the net pension liability (asset)	0.1079075108%	0.1090064896%	0.1132251721%	0.1149503343%	0.1176426542%	0.1211303487%	0.1158256323%
State's proportionate share of the net pension liability (asset) associated with the District	\$71,055,797	\$66,898,312	\$72,031,422	\$77,503,660	\$92,545,202	\$76,559,553	\$61,905,138
District's covered-employee payroll	11,787,092	11,710,344	10,942,862	11,390,798	11,847,386	11,596,331	11,813,804
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%
State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	602.83%	571.28%	658.25%	680.41%	781.14%	660.20%	524.01%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
NOTE TO RSI III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)**



SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN THE DISTRICT'S  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
 LAST TEN YEARS

	Fiscal Year Ended June 30,		
	2020	2019	2018
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District			
Balance at 6/30	\$45,092,959	\$48,203,249	\$56,276,415
Changes for the year:			
Service cost	1,962,870	1,775,487	2,060,387
Interest	1,625,237	1,908,433	2,066,379
Changes of benefit terms and actual experience	13,174,184	(6,123,363)	(5,423,978)
Changes in assumptions or other inputs	13,544,251	672,340	(5,531,564)
Membership Contributions	39,126	41,032	44,548
Benefit payments - Net	(1,290,852)	(1,384,219)	(1,288,938)
Net changes	29,054,816	(3,110,290)	(8,073,166)
Balance at 6/30	\$74,147,775	\$45,092,959	\$48,203,249
Covered Employee Payroll	14,297,563	14,132,469	13,237,163
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	518.60%	319.07%	364.15%
			411.25%

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Change in benefit terms:       None

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

Measurement Date Ending	Discount Rate
<u>June 30,</u> 2020	2.21%
2019	3.50%
2018	3.87%

**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, 2021

	TITLE I	TITLE II A	TITLE III	TITLE III IMMIGRANT	TITLE IV	IDEA PART B	IDEA PRESCHOOL
REVENUES:							
State sources	\$ 137,290.05	\$ 24,971.00	\$ 17,701.97	\$ 5,315.00	\$ 6,600.00	\$ 411,277.46	\$ 19,469.00
Federal sources							
Other sources							
Total revenues	\$ 137,290.05	\$ 24,971.00	\$ 17,701.97	\$ 5,315.00	\$ 6,600.00	\$ 411,277.46	\$ 19,469.00
EXPENDITURES:							
Instruction:							
Salaries of teachers	82,870.00		570.00				18,085.00
Tuition					2,100.00	338,680.46	
Supplies and materials	21,272.05		11,709.46				
Textbooks							
Other Objects							
Total instruction	104,142.05		12,279.46		2,100.00	338,680.46	18,085.00
Support services:							
Personal services - employee benefits	33,148.00		43.61				1,384.00
Purchased professional - technical services		17,871.00	5,378.90	5,315.00	4,500.00	72,597.00	
Purchased professional - educational services							
Other purchased services		7,100.00					
Supplies and materials							
Miscellaneous expenditures							
Total support services	33,148.00	24,971.00	5,422.51	5,315.00	4,500.00	72,597.00	1,384.00
Total expenditures	\$ 137,290.05	\$ 24,971.00	\$ 17,701.97	\$ 5,315.00	\$ 6,600.00	\$ 411,277.46	\$ 19,469.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1							
Prior Period Adjustment							
Fund Balance, July 1 (Restated)							
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CARES ACT	CARES ACT RELIEF	ESSER II	NON-PUBLIC TEXTBOOKS	NON-PUBLIC COMP. EDUCATION	NON-PUBLIC TRANSPORTATION	NON-PUBLIC HOME SUPPLEMENTAL
<b>REVENUES:</b>							
State sources	\$ 112,374.00	\$	\$	7,983.00	25,256.00	3,347.00	6,476.00
Federal sources		63,734.00	11,750.00				
Other sources							
<b>Total revenues</b>	<b>\$ 112,374.00</b>	<b>\$ 63,734.00</b>	<b>\$ 11,750.00</b>	<b>\$ 7,983.00</b>	<b>\$ 25,256.00</b>	<b>\$ 3,347.00</b>	<b>\$ 6,476.00</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers							
Tuition							
Supplies and materials	20,715.00	63,734.00	11,750.00	7,983.00			
Textbooks							
Other Objects							
<b>Total instruction</b>	<b>20,715.00</b>	<b>63,734.00</b>	<b>11,750.00</b>	<b>7,983.00</b>			
Support services:							
Personal services - employee benefits							
Purchased professional - technical services	91,659.00				25,256.00	3,347.00	6,476.00
Purchased professional - educational services							
Other purchased services							
Supplies and materials							
Miscellaneous expenditures							
<b>Total support services</b>	<b>91,659.00</b>				<b>25,256.00</b>	<b>3,347.00</b>	<b>6,476.00</b>
<b>Total expenditures</b>	<b>\$ 112,374.00</b>	<b>\$ 63,734.00</b>	<b>\$ 11,750.00</b>	<b>\$ 7,983.00</b>	<b>\$ 25,256.00</b>	<b>\$ 3,347.00</b>	<b>\$ 6,476.00</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fund Balance, July 1							
Prior Period Adjustment							
Fund Balance, July 1 (Restated)							
Fund Balance, June 30							

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	EXAMINATION & CLASSIFICATION	NON-PUBLIC SPEECH	NON-PUBLIC NURSING	NON-PUBLIC TECHNOLOGY INITIATIVE	NON-PUBLIC SECURITY	STUDENT ACTIVITIES	OTHER LOCAL GRANTS	TOTAL
REVENUES:								
State sources	\$ 4,834.00	\$ 10,572.00	\$ 13,464.00	\$ 5,742.00	\$ 23,100.00	\$	\$	\$ 95,032.00
Federal sources						161,173.58	13,880.93	816,224.48
Other sources								175,054.51
Total revenues	\$ 4,834.00	\$ 10,572.00	\$ 13,464.00	\$ 5,742.00	\$ 23,100.00	\$ 161,173.58	\$ 13,880.93	\$ 1,086,310.99
EXPENDITURES:								
Instruction:								
Salaries of teachers								101,525.00
Tuition								338,680.46
Supplies and materials				5,742.00	23,100.00		500.00	160,622.51
Textbooks								7,983.00
Other Objects							2,250.00	2,250.00
Total instruction				5,742.00	23,100.00		2,750.00	611,060.97
Support services:								
Personal services - employee benefits								34,575.61
Purchased professional - technical services								197,320.90
Purchased professional - educational services	4,834.00	10,572.00	13,464.00					63,948.00
Other purchased services							13.91	13.91
Supplies and materials							11,117.02	18,217.02
Miscellaneous expenditures						210,132.79		210,132.79
Total support services	4,834.00	10,572.00	13,464.00			210,132.79	11,130.93	524,209.23
Total expenditures	\$ 4,834.00	\$ 10,572.00	\$ 13,464.00	\$ 5,742.00	\$ 23,100.00	\$ 210,132.79	\$ 13,880.93	\$ 1,135,270.20
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	(48,959.21)	\$	(48,959.21)
Fund Balance, July 1								
Prior Period Adjustment						245,905.48		245,905.48
Fund Balance, July 1 (Restated)						245,905.48		245,905.48
Fund Balance, June 30	\$	\$	\$	\$	\$	196,946.27	\$	196,946.27

**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, 2021

Expenditures and Other Financing Uses:	
Construction services	\$11,592.00
Equipment	6,346.00
Total expenditures	<u>17,938.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,938.00)</u>
Fund balance - beginning	<u>365,215.90</u>
Fund balance - ending	<u><u>\$347,277.90</u></u>
Fund Balance - budgetary basis	\$347,277.90
Current year encumbrances	<u>\$17,938.00</u>
Fund Balance - GAAP basis (B-1)	<u><u>\$365,215.90</u></u>
Expenditures - budgetary basis	\$17,938.00
Less:	
Current year encumbrances	<u>17,938.00</u>
Expenditures - GAAP basis (B-2)	<u><u>                    </u></u>

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, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds	4,643,106.43		4,643,106.43	4,643,880.83
Total revenues	<u>4,643,106.43</u>		<u>4,643,106.43</u>	<u>4,643,880.83</u>
Expenditures and Other Financing Uses:				
Architectural Services	383,800.34		383,800.34	383,800.34
Legal	35,622.00		35,622.00	35,622.00
Construction services	4,128,227.94	\$11,592.00	4,139,819.94	4,139,823.49
Equipment	51,225.60		51,225.60	52,000.00
Other	32,635.00		32,635.00	32,635.00
Total expenditures	<u>4,631,510.88</u>	<u>11,592.00</u>	<u>4,643,102.88</u>	<u>4,643,880.83</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$11,595.55</u>	<u>(\$11,592.00)</u>	<u>\$3.55</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	(685,343.57)
Revised Authorized Cost	\$4,643,106.43
Percentage Increase over Original Authorized Cost	-12.86%
Percentage completion	99.00%
Original target completion date	12/31/2016
Revised target completion date	12/31/2020

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
 2017 REFERENDUM - VARIOUS CAPITAL IMPROVEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
Transfers - Capital Projects	\$1,162,561.00		\$1,162,561.00	\$1,162,966.00
Transfer - Debt Service Fund	\$571,439.00		571,439.00	571,439.00
<b>Total revenues</b>	<b>1,734,000.00</b>		<b>1,734,000.00</b>	<b>1,734,405.00</b>
<b>Expenditures and Other Financing Uses:</b>				
Salaries	8,732.24		8,732.24	8,732.24
Architectural Services	116,722.19		116,722.19	116,722.19
Legal	15,371.66		15,371.66	15,371.66
Equipment	1,540,206.79	\$6,346.00	1,546,552.79	1,546,965.87
Miscellaneous	46,613.04		46,613.04	46,613.04
<b>Total expenditures</b>	<b>1,727,645.92</b>	<b>6,346.00</b>	<b>1,733,991.92</b>	<b>1,734,405.00</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$6,354.08</b>	<b>(\$6,346.00)</b>	<b>\$8.08</b>	

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	10/17/17
Bonds Authorized	\$1,734,405.00
Bonds Issued	-0-
Original Authorized Cost	\$1,734,405.00
Additional Authorized Cost	
Revised Authorized Cost	\$1,734,405.00

Percentage Increase over Original Authorized Cost	
Percentage completion	100.00%
Original target completion date	12/31/2018
Revised target completion date	12/31/2020

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
 VESTIBULE RENOVATION PROJECT  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from capital outlay	1,300,395.00		1,300,395.00	1,300,395.00
Total revenues	<u>1,300,395.00</u>	<u>0.00</u>	<u>1,300,395.00</u>	<u>1,300,395.00</u>
Expenditures and Other Financing Uses:				
Construction services	936,163.48		936,163.48	1,275,695.00
General Supplies	16,965.25		16,965.25	24,700.00
Total expenditures	<u>953,128.73</u>	<u>0.00</u>	<u>953,128.73</u>	<u>1,300,395.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$347,266.27</u>	<u>\$0.00</u>	<u>\$347,266.27</u>	<u>\$0.00</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	-0-
Original Authorized Cost	\$1,300,395.00
Additional Authorized Cost	
Revised Authorized Cost	\$1,300,395.00

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	26.70%
Original target completion date	12/31/2018
Revised target completion date	12/31/2020

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS  
AS OF JUNE 30, 2021

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY)</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	<u>UNEXPENDED PROJECT BALANCE</u>
School Improvements	4,643,106.43	4,631,510.88	11,592.00	3.55
2017 Referendum	1,734,000.00	1,727,645.92	6,346.00	8.08
Vestibule Renovation Project	1,300,395.00	953,128.73		347,266.27
Totals	<u>\$7,677,501.43</u>	<u>\$7,312,285.53</u>	<u>\$17,938.00</u>	<u>\$347,277.90</u>

## 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, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	C.A.R.E.S.	FOOD SERVICE	S.T.E.A.M.
<b>ASSETS:</b>			<b>TOTAL</b>
Current assets:			
Cash and cash equivalents	\$3,301.43		\$6,859.68
Accounts receivable:			
State		1,441.77	1,441.77
Federal		30,927.38	30,927.38
Other		14,890.02	14,890.02
Intrafund		475.00	475.00
Inventories		4,050.14	4,050.14
Total current assets	3,301.43	51,784.31	58,643.99
Noncurrent assets:			
Furniture, machinery & equipment		303,265.00	303,265.00
Less accumulated depreciation		(282,225.25)	(282,225.25)
Total noncurrent assets		21,039.75	21,039.75
Total assets	3,301.43	72,824.06	79,683.74
<b>LIABILITIES:</b>			
Current liabilities:			
Cash (Deficit)		16,787.08	16,787.08
Intrafund payable	475.00		475.00
Unearned revenue		10,523.35	10,523.35
Accounts payable	229.44		229.44
Total current liabilities	704.44	27,310.43	28,014.87
Total liabilities	704.44	27,310.43	28,014.87
<b>NET POSITION:</b>			
Net investment in capital assets		21,039.75	21,039.75
Unrestricted	2,596.99	24,473.88	30,629.12
Total net position	\$2,596.99	\$45,513.63	\$51,668.87

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, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		TOTAL
	C.A.R.E.S.	FOOD SERVICE S.I.E.A.M.	
<b>OPERATING REVENUES:</b>			
Charges for services:		389.89	389.89
Special functions			
Total operating revenues		389.89	389.89
<b>OPERATING EXPENSES:</b>			
Cost of sales - reimbursable		153,122.06	153,122.06
Cost of sales - non-reimbursable		32,648.07	32,648.07
Salaries	51,954.75	73,848.06	125,802.81
Employee benefits		27,227.10	27,227.10
Supplies and materials	15,941.85	5,994.43	15,941.85
Miscellaneous		13,276.00	13,276.00
Depreciation			
Total operating expenses	67,896.60	306,115.72	374,012.32
Operating income (loss)	(67,896.60)	(305,725.83)	(373,622.43)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State sources		9,814.64	9,814.64
Federal sources:			
National school lunch program		187,858.71	187,858.71
School breakfast program		61,358.85	61,358.85
Healthy Hunger-Free Kids Act		3,746.47	3,746.47
Emergency Operational Costs Reimbursement Program		14,276.02	14,276.02
P-EBT Administrative Cost Reimbursement		614.00	614.00
National food distribution commodities		39,255.02	39,255.02
Total nonoperating revenues		316,923.71	316,923.71
Income before contributions & transfers	(67,896.60)	11,197.88	(56,698.72)
Other financing uses:			
Transfer of funds		16,238.31	16,238.31
Total other financing uses		16,238.31	16,238.31
Change in net position	(67,896.60)	27,436.19	(40,460.41)
Total net position - beginning	70,493.59	18,077.44	92,129.28
Total net position - ending	\$2,596.99	\$45,513.63	\$51,668.87



SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS - ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	C.A.R.E.S.	FOOD SERVICE	S.T.E.A.M.	TOTAL
Cash flows from operating activities:				
Receipts from customers		\$389.89		\$389.89
Payments to employees	(\$51,954.75)	(73,848.06)		(125,802.81)
Payments to employee benefits		(27,227.10)		(27,227.10)
Payments to suppliers	(15,712.41)	(145,675.85)		(161,388.26)
Net cash provided by (used for) operating activities	(67,667.16)	(246,361.12)		(314,028.28)
Cash flows from noncapital financing activities:				
State sources		8,404.28		8,404.28
Federal sources		224,023.73		224,023.73
Operating subsidies and transfers to other funds		16,238.31		16,238.31
Net cash provided by noncapital financing activities		248,666.32		248,666.32
Net increase (decrease) in cash and cash equivalents	(67,667.16)	2,305.20		(65,361.96)
Cash and cash equivalents, June 30, 2020 (Deficit)	70,968.59	(19,092.28)	3,558.25	55,434.56
Cash and cash equivalents, June 30, 2021 (Deficit)	\$3,301.43	(\$16,787.08)	\$3,558.25	(\$9,927.40)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$67,896.60)	(\$305,725.83)		(\$373,622.43)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		13,276.00		13,276.00
Federal commodities		39,255.02		39,255.02
Change in assets and liabilities:				
Increase (decrease) in unearned revenue		3,044.23		3,044.23
Increase (decrease) in accounts payable	229.44	(319.40)		(89.96)
(increase) decrease in inventories	229.44	4,108.86		4,108.86
		59,364.71		59,364.71
Net cash provided by (used for) operating activities	(\$67,667.16)	(\$246,361.12)		(\$314,028.28)

**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, 2021

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE	BALANCE
			DATE	AMOUNT		JUNE 30, 2020	JUNE 30, 2021
Refunding School Bonds	5/16/2011	\$ 7,135,000.00	01/15/22	650,000.00	4.00%		
			01/15/23	665,000.00	4.25%		
			01/15/24	675,000.00	4.25%	\$ 2,615,000.00	\$ 1,990,000.00
Refunding Bonds	4/24/2012	2,630,000.00	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%	1,490,000.00	1,325,000.00		
School Bond, Series 2016	1/7/2016	8,223,000.00	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%				
					7,403,000.00	300,000.00	7,103,000.00
					\$ 11,508,000.00	\$ 1,090,000.00	\$ 10,418,000.00

EXHIBIT "I-2"

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2021

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2020</u>	<u>DECREASE</u>
<u>Governmental Funds</u>				
2016 Truck King International - School Buses	2.060%	334,905.00	68,961.93	68,961.93
		\$	\$	
Grand Total			68,961.93	68,961.93

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$1,116,680.00		\$1,116,680.00	\$1,116,680.00	
State sources:					
Debt service aid type II	101,266.00		101,266.00	101,266.00	
Total revenues	<u>1,217,946.00</u>		<u>1,217,946.00</u>	<u>1,217,946.00</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	292,947.00		292,947.00	292,946.26	\$0.74
Redemption of principal	925,000.00		925,000.00	925,000.00	
Total regular debt service-expenditures	<u>1,217,947.00</u>		<u>1,217,947.00</u>	<u>1,217,946.26</u>	<u>0.74</u>
Excess (deficiency) of revenues over (under) expenditures	(1.00)		(1.00)	(0.26)	0.74
Fund balance, July 1	2.13		2.13	2.13	
Fund balance, June 30	<u>\$1.13</u>		<u>\$1.13</u>	<u>\$1.87</u>	<u>\$0.74</u>

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**STATISTICAL SECTION - UNAUDITED**

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
STATISTICAL SECTION

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

Sources

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



SPOTSWOOD BOROUGH SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities</b>										
Net investment in capital assets	\$13,754,732.20	\$13,763,978.43	\$13,701,931.45	\$11,578,552.41	\$10,921,358.50	\$10,248,069.00	\$10,474,046.00	\$10,472,674.00	\$10,401,006.00	\$9,274,773.00
Restricted	9,693,575.45	8,290,943.82	7,719,081.97	7,162,783.97	4,775,509.73	3,883,006.00	2,131,006.00	1,125,861.00	859,010.00	2,338,662.00
Unrestricted (deficit)	(6,346,445.63)	(7,415,313.71)	(8,416,775.25)	(7,811,577.99)	(7,380,844.85)	(7,735,263.00)	(7,595,382.00)	(400,529.00)	(209,416.00)	(195,248.00)
<b>Total governmental activities net position</b>	<b>\$17,101,862.02</b>	<b>\$14,639,608.54</b>	<b>\$13,004,238.17</b>	<b>\$8,316,023.38</b>	<b>\$6,395,812.00</b>	<b>\$5,009,870.00</b>	<b>\$11,198,006.00</b>	<b>\$11,050,600.00</b>	<b>\$11,418,187.00</b>	<b>\$10,621,125.00</b>
<b>Business-type activities</b>										
Invested in capital assets										
Net of related debt	\$21,039.75	\$34,315.75	\$47,594.00	\$60,872.25	\$75,276.26	\$5,712.00	\$7,642.00	\$2,592.00	\$4,812.00	\$7,032.00
Unrestricted	30,629.12	57,813.53	157,958.95	244,757.22	314,551.78	306,436.00	381,649.00	404,846.00	509,485.00	488,337.00
<b>Total business-type activities net position</b>	<b>\$51,668.87</b>	<b>\$92,129.28</b>	<b>\$205,552.95</b>	<b>\$389,828.04</b>	<b>\$312,148.00</b>	<b>\$389,291.00</b>	<b>\$407,438.00</b>	<b>\$514,277.00</b>	<b>\$475,369.00</b>	<b>\$366,281.00</b>
<b>District-wide</b>										
Net investment in capital assets	\$13,775,771.95	\$13,798,294.18	\$13,749,525.45	\$11,639,424.66	\$10,996,634.76	\$10,253,781.00	\$10,481,688.00	\$10,475,266.00	\$10,405,818.00	\$9,281,805.00
Restricted	9,693,575.45	8,290,943.82	7,719,081.97	7,162,783.97	4,775,509.73	3,883,006.00	2,131,006.00	1,125,861.00	859,010.00	2,338,662.00
Unrestricted (deficit)	(6,315,816.51)	(7,357,500.18)	(8,258,816.30)	(7,566,820.77)	(7,066,293.07)	(7,428,827.00)	(7,213,733.00)	4,317.00	300,049.00	273,089.00
<b>Total district net position</b>	<b>\$17,153,530.89</b>	<b>\$14,731,737.82</b>	<b>\$13,209,791.12</b>	<b>\$8,705,851.42</b>	<b>\$6,707,960.00</b>	<b>\$5,398,961.00</b>	<b>\$11,605,444.00</b>	<b>\$11,564,877.00</b>	<b>\$11,893,556.00</b>	<b>\$10,987,406.00</b>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>EXPENSES</b>										
Governmental activities										
Instruction	\$17,442,180.24	\$22,640,962.97	\$22,517,110.91	\$22,143,402.21	\$23,639,518.34	\$21,013,902.00	\$20,115,465.00	\$17,813,904.00	\$18,078,475.00	\$16,945,523.00
Support services:										
Tuition										
Student and instruction related services	4,723,360.40	4,340,814.38	4,240,965.63	4,160,033.29	4,346,184.91	4,904,049.00	4,618,632.00	4,117,324.00	4,067,096.00	3,620,284.00
General administrative services	269,984.20	394,705.89	393,224.09	393,239.09	412,180.41	506,552.00	488,596.00	451,491.00	452,165.00	462,852.00
School administrative services	1,611,576.29	1,818,721.19	1,836,777.15	1,610,089.17	1,695,742.78	1,490,060.00	1,329,599.00	1,204,169.00	1,225,996.00	1,159,893.00
Central Services and Admin Technology	926,646.97	921,653.97	1,025,321.56	934,158.80	949,705.74	955,190.00	843,408.00	843,871.00	828,098.00	870,161.00
Plant operations and maintenance	3,572,171.33	3,242,071.77	3,059,194.85	2,772,830.94	2,768,741.61	3,208,775.00	3,164,013.00	2,835,552.00	2,813,696.00	2,633,640.00
Pupil transportation	875,077.40	926,071.04	971,523.07	1,007,436.18	934,099.77	1,043,792.00	1,107,196.00	970,135.00	1,032,159.00	920,032.00
Transfer to charter schools	84,320.00	86,353.00	60,884.00	70,992.00	40,187.00	40,847.00	30,204.00	29,988.00		
Interest on Long-Term Debt	374,033.83	403,706.14	464,239.34	461,799.97	510,094.30	338,187.00	275,587.00	451,126.00	312,592.00	299,641.00
Total governmental activities expenses	29,879,350.66	34,775,060.35	34,569,240.80	33,553,981.65	35,296,424.86	33,501,354.00	32,062,720.00	28,717,560.00	28,810,267.00	26,912,026.00
Business-type activities:										
CARES	67,896.80	332,371.18	477,427.30	460,993.38	321,696.73	444,935.00	421,676.00	530,804.00	566,894.00	568,570.00
Food Service	306,115.72	408,183.56	459,852.08	452,622.07	504,364.53	551,196.00	501,149.00	418,544.00	343,819.00	312,307.00
STEAM			9,539.97	10,641.77	8,460.01					
Total business-type activities expense	374,012.52	740,554.74	946,819.35	924,257.22	834,521.27	996,121.00	922,825.00	949,348.00	910,713.00	880,877.00
Total district expenses	\$30,253,363.98	\$35,515,615.09	\$35,516,059.95	\$34,478,238.87	\$36,130,946.13	\$34,497,475.00	\$32,985,545.00	\$29,666,908.00	\$29,720,980.00	\$27,792,903.00
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for Services:										
Instruction (tuition)	4,557,010.49	3,998,551.57	3,901,253.40	4,116,090.61	4,563,400.60	4,564,508.00	4,940,108.00	4,653,700.00	4,121,660.00	4,192,661.00
Student and instruction related services	161,173.58									
Operating grants and contributions	2,212,700.27	7,964,915.02	8,329,661.85	7,993,221.48	9,562,282.70	675,985.00	673,059.00	701,268.00	695,440.00	695,364.00
Capital Grants and Contributions					473,956.84	464,231.00				
Total governmental activities program revenues	6,930,884.34	11,963,466.59	12,231,215.25	12,109,312.09	14,599,650.14	5,704,724.00	5,613,167.00	5,354,968.00	4,817,100.00	4,888,025.00

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
UNAUDITED

	2021	2019	2018	2017	2016	2015	2014	2013	2012
<b>PROGRAM REVENUES</b>									
Business-type activities:									
Charges for services:									
CARES	\$389.89	\$296,477.00	\$381,947.53	\$386,623.25	\$305,579.00	\$319,583.00	\$314,119.00	\$401,484.00	\$421,965.00
Food Service		207,415.72	284,168.03	284,139.86	453,748.00	443,206.00	398,024.00	383,822.00	406,177.00
STEAM			12,000.00	10,750.00					
Printing Service									
Operating grants and contributions	316,923.71	149,576.90	162,962.60	138,648.67	159,651.00	141,869.00	130,386.00	164,315.00	161,769.00
Total business-type activities program revenues	317,313.60	846,742.83	841,078.16	820,161.78	918,978.00	904,678.00	842,508.00	949,621.00	989,931.00
Total district program revenues	\$7,248,197.94	\$12,910,209.42	\$13,072,293.41	\$12,929,473.87	\$15,518,628.14	\$8,609,402.00	\$8,455,676.00	\$6,304,589.00	\$5,807,031.00
<b>NET (EXPENSE)/REVENUE</b>									
Governmental activities	(\$22,948,466.32)	(\$22,811,593.76)	(\$22,338,025.35)	(\$21,444,669.56)	(\$20,696,774.73)	(\$27,796,630.00)	(\$26,449,553.00)	(\$23,362,592.00)	(\$23,993,167.00)
Business-type activities	(59,698.72)	106,189.09	(105,741.19)	(104,095.44)	84,496.73	(91,443.00)	(80,316.00)	273.00	79,218.00
Total district-wide net expense	(\$23,008,165.04)	(\$22,925,017.43)	(\$21,527,848.62)	(\$20,711,134.21)	(\$20,612,317.99)	(\$27,888,073.00)	(\$26,529,869.00)	(\$23,362,319.00)	(\$23,913,949.00)
<b>GENERAL REVENUES AND OTHER CHANGES</b>									
<b>IN NET POSITION</b>									
Governmental activities:									
Property taxes levied for general purposes, net	\$16,812,751.00	\$16,002,048.00	\$15,688,283.00	\$15,291,612.00					
Taxes levied for debt service	1,116,680.00	1,125,506.00	947,911.00	940,801.00					
Federal and state aid not restricted	6,829,476.58	6,472,628.08	6,336,399.47	5,809,692.71					
Federal and state aid restricted	26,002.95	488,100.20	68,196.10	502,148.44					
Miscellaneous income	154,326.76	324,222.85	602,492.69	72,532.58					
Total governmental activities	24,933,237.29	24,412,505.13	23,643,282.26	22,616,986.73					
Business-type activities:									
Miscellaneous Income	16,238.31			92,008.25					
Total business-type activities	\$24,949,475.60	\$24,412,505.13	\$23,643,282.26	\$22,708,994.98					
<b>CHANGE IN NET POSITION</b>									
Governmental activities	\$1,976,532.66	\$2,074,479.78	\$2,198,612.70	\$1,920,212.00					
Business-type activities	(40,460.41)	(100,076.52)	(83,179.08)	77,648.76					
Total district	\$1,936,072.25	\$1,974,403.26	\$2,115,433.62	\$1,997,860.77					

Source: ACFR Schedule A-2

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Fund</b>										
Restricted	\$9,860,347.35	\$8,431,594.82	\$7,622,250.17	\$7,077,289.33	\$4,770,991.56	\$3,428,751.00	\$2,131,006.00	\$940,900.00	\$635,758.00	\$2,305,371.00
Assigned	135,956.23	244,934.04	82,257.09	563,525.13	936,655.23	116,541.00	315,602.00	534,148.00	520,319.00	\$443,064.00
Unassigned	1,336,950.88	626,096.88				91,728.00	3,014.00	25,006.00		
<b>Total general fund</b>	<b>\$11,333,254.46</b>	<b>\$9,302,625.74</b>	<b>\$7,704,507.26</b>	<b>\$7,640,814.46</b>	<b>\$5,707,646.79</b>	<b>\$3,637,020.00</b>	<b>\$2,449,622.00</b>	<b>\$1,500,054.00</b>	<b>\$1,156,077.00</b>	<b>\$2,748,435.00</b>
<b>All Other Governmental Funds</b>										
Restricted	\$544,225.04	\$365,218.03	\$450,645.21	\$80,232.28	\$1,308,335.19	\$5,382,897.00		\$184,961.00	\$223,252.00	\$2,081,109.00
Assigned	17,939.00		250,520.00		179,587.97					
<b>Total all other governmental funds</b>	<b>\$562,164.04</b>	<b>\$365,218.03</b>	<b>\$701,165.21</b>	<b>\$80,232.28</b>	<b>\$1,487,923.16</b>	<b>\$5,382,897.00</b>		<b>\$184,961.00</b>	<b>\$223,252.00</b>	<b>\$2,081,109.00</b>

Source: ACFR Schedule B-1

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Tax levy	\$17,929,431.00	\$17,349,490.00	\$17,127,554.00	\$16,636,194.00	\$16,232,413.00	\$15,785,931.00	\$15,304,848.00	\$15,005,900.00	\$14,807,922.00	\$14,842,590.00
Interest on capital reserve	60.07	1,697.90	1,609.15	1,372.06	520.53		34.00	40.00	208.00	3,476.00
Interest on maintenance reserve	81.44	2,273.08	1,449.41							
Tuition charges	4,557,010.49	3,998,551.57	3,901,253.40	4,116,090.61	4,563,400.60	4,564,508.00	4,940,108.00	4,653,700.00	4,121,660.00	4,192,661.00
Miscellaneous	276,620.93	152,022.44	336,310.01	648,807.98	92,389.05	388,204.00	243,805.00	141,250.00	178,088.00	153,139.00
PILOT Payment to School District	216,300.30	206,154.13								
State sources	12,277,503.65	11,222,224.97	11,496,396.33	10,154,590.00	10,060,888.08	9,782,022.00	8,938,410.00	8,449,118.00	8,709,130.00	7,755,958.00
Federal sources	841,348.75	651,801.63	578,153.08	571,086.72	608,506.61	634,074.00	593,722.00	614,958.00	625,672.00	761,284.00
Total revenue	36,098,356.63	33,584,215.72	33,442,725.38	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
<b>Expenditures</b>										
Instruction	11,711,528.74	12,203,341.17	12,123,180.25	11,746,715.27	12,005,666.05	12,122,404.00	12,231,156.00	11,967,487.00	11,973,114.00	11,621,945.00
Support Services:										
Tuition	941,630.11	913,003.91	669,639.89	624,130.29	625,894.76	920,204.00	1,070,019.00	1,005,859.00	1,052,042.00	1,014,230.00
Student and instruction related services	3,852,647.41	2,946,421.14	2,827,578.70	2,739,650.30	2,829,189.07	3,157,190.00	3,163,519.00	3,046,689.00	3,025,136.00	2,771,146.00
General administrative services	347,282.36	363,493.78	385,949.51	384,733.91	366,658.43	342,425.00	350,596.00	351,100.00	350,652.00	370,632.00
School administrative services	1,054,783.12	1,032,546.40	1,019,977.07	938,935.19	899,442.13	870,682.00	832,550.00	841,402.00	847,141.00	832,446.00
Central Services and Adm Technology	746,998.11	693,188.95	792,028.22	731,728.03	719,241.71	636,478.00	668,928.00	640,696.00	624,103.00	677,907.00
Plant operations and maintenance	3,074,066.36	2,527,225.56	2,384,097.71	2,255,122.13	2,178,417.97	2,206,847.00	2,289,564.00	2,222,731.00	2,172,040.00	2,092,985.00
Pupil transportation	812,636.96	863,747.09	919,481.14	839,676.73	817,779.12	861,321.00	979,594.00	864,983.00	939,768.00	847,579.00
Unallocated benefits	10,122,873.14	8,944,350.90	8,411,428.95	7,894,930.13	7,178,682.87	7,095,631.00	6,288,731.00	6,040,119.00	6,385,682.00	5,643,575.00
Debt service:										
Principal	1,090,000.00	1,050,000.00	1,025,000.00	995,000.00	705,000.00	685,000.00	915,000.00	1,000,000.00	945,000.00	875,000.00
Interest and other charges	343,646.26	374,383.76	428,438.76	424,708.76	470,074.50	266,325.00	284,626.00	320,425.00	305,188.00	195,476.00
Cost of issuance										64,976.00
Capital Outlay	157,851.84	333,988.76	1,700,415.45	1,918,704.82	4,544,230.57	3,936,995.00	150,835.00	285,115.00	3,272,929.00	1,158,369.00
Transfer to Charter Schools	84,320.00	86,353.00	60,884.00	70,992.00	40,187.00	40,847.00	30,204.00	29,988.00		
Total expenditures	34,340,264.41	32,322,044.42	32,758,099.65	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
Excess (Deficiency) of revenues over (under) expenditures	1,758,092.22	1,262,171.30	684,625.73	562,213.61	(1,824,346.31)	(1,967,610.00)	764,607.00	248,372.00	(3,450,115.00)	(457,128.00)
<b>Other Financing sources (uses)</b>										
Bonds issued				(36,737.02)		8,223,000.00				2,630,000.00
Premium on Bonds Issued						334,905.00		57,314.00		75,415.00
Capital leases (non-budgeted)										
Transfers	(16,238.31)				8,557,905.00		\$7,314.00			68,441.00
Total other financing sources (uses)					8,557,905.00					
Net change in fund balances	\$1,741,853.91	\$1,262,171.30	\$684,625.73	\$(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
Debt service as a percentage of noncapital expenditures	4.19%	4.45%	4.68%	4.79%	4.07%	3.26%	4.12%	4.66%	4.37%	4.20%

Source: ACFR Schedule B-2

EXHIBIT "J-5"

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>INTEREST</u> <u>EARNED</u>	<u>RENTS &amp;</u> <u>ROYALTIES</u>	<u>TUITION</u>	<u>REIMBURSEMENT</u>			<u>TOTAL</u>
				<u>OF PRIOR</u> <u>YEAR COSTS</u>	<u>MISCELLANEOUS</u>		
2021	\$ 141.51	\$	4,557,010.49	\$	99,058.53	\$	4,656,210.53
2020	3,970.98		3,998,551.57		125,604.55		4,128,127.10
2019	3,058.56	91,756.00	3,901,253.40		29,601.21		4,025,669.17
2018	1,372.06	100,000.00	4,116,090.61		287,338.71		4,504,801.38
2017	520.53	19,550.35	4,563,400.60		52,461.70		4,635,933.18
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

Source: District Records

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

Year Ended December 31,	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)
2020	6,487,400.00	650,021,200.00	59,727,000.00	18,364,800.00	7,055,300.00	741,655,700.00	-0-	\$741,655,700.00	\$862,992,437.00	1.911
2019	6,481,300.00	649,690,600.00	59,152,500.00	18,364,800.00	7,055,300.00	740,744,500.00	-0-	740,744,500.00	845,598,744.00	1.894
2018	6,633,700.00	647,996,500.00	59,215,800.00	18,364,800.00	7,055,300.00	739,266,100.00	-0-	739,266,100.00	810,065,856.00	1.815
2017	6,746,500.00	647,740,900.00	59,315,800.00	18,689,800.00	7,055,300.00	739,548,300.00	-0-	739,548,300.00	785,666,950.00	1.805
2016	6,745,000.00	646,585,600.00	59,315,800.00	18,689,800.00	7,055,300.00	738,391,500.00	-0-	738,391,500.00	771,596,429.00	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	767,576,473.00	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	756,588,852.00	1.630
2013	7,019,800.00	648,315,500.00	59,793,500.00	18,589,800.00	7,270,500.00	740,969,100.00	2,171,116.00	743,160,216.00	777,395,907.00	1.586
2012	7,531,300.00	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	835,450,170.00	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	884,671,074.00	1.562

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

Year Ended December 31,	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)
2020	1,177,400.00	179,187,400.00	4,205,900.00		817,100.00	\$185,387,800.00	\$198,758.00	\$185,586,558.00	\$224,992,986.00	1.882
2019	1,087,600.00	179,251,100.00	4,251,100.00		817,100.00	185,406,900.00	198,378.00	185,605,278.00	214,640,779.00	1.908
2018	1,907,300.00	178,694,600.00	4,361,100.00		2,537,400.00	187,500,400.00	197,093.00	187,698,778.00	208,207,279.00	1.853
2017	1,907,300.00	178,694,600.00	4,361,100.00		2,537,400.00	187,500,400.00	202,751.00	187,697,493.00	206,492,055.00	1.797
2016	1,907,300.00	178,812,800.00	4,246,600.00	38,400.00	817,100.00	185,822,200.00	208,030.00	186,024,951.00	201,078,859.00	1.719
2015	1,087,600.00	178,758,900.00	4,246,600.00	1,698,800.00	817,100.00	186,609,000.00	206,299.00	186,817,030.00	199,105,447.00	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	207,201.00	186,972,599.00	201,798,247.00	1.615
2013	1,401,100.00	178,707,300.00	4,250,600.00	1,698,800.00	817,100.00	186,874,900.00	259,009.00	187,082,101.00	215,981,697.00	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	267,481.00	188,045,609.00	237,520,918.00	1.674
2011	2,125,400.00	236,922,900.00	6,020,000.00	1,699,000.00	817,100.00	246,767,300.00	323,499.00	247,034,781.00	245,680,798.00	1.283

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			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Spotswood Borough	County	
2021	\$1.891	\$0.126	\$2.017	\$1.063	\$0.465	\$3.545
2020	1.816	0.095	1.911	1.037	0.451	3.399
2019	1.770	0.124	1.894	0.999	0.427	3.320
2018	1.696	0.119	1.815	0.999	0.427	3.241
2017	1.702	0.103	1.805	0.955	0.424	3.184
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

\* - 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 <u>June 30.</u>	Helmetta Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Helmetta Borough</u>	<u>County</u>	
2021	\$1.831	\$0.122	\$1.953	\$0.719	\$0.485	\$3.157
2020	1.788	0.094	1.882	0.722	0.458	3.062
2019	1.783	0.125	1.908	0.726	0.455	3.089
2018	1.731	0.122	1.853	0.749	0.446	3.048
2017	1.679	0.118	1.797	0.746	0.450	2.993
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

\* - 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

<u>Taxpayer</u>	2021			2012		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Spotswood Shopping Center	\$10,795,800.00	1	1.456%			0.000%
Clearwater Village	9,533,700.00	2	1.285%			0.000%
Schweitzer-Maudit	8,228,800.00	3	1.110%			0.000%
Inland Container	6,175,000.00	4	0.833%			0.000%
Renaissance Properties	5,300,000.00	5	0.715%			0.000%
Robert Maglies	4,471,300.00	6	0.603%			0.000%
Gillette Enterprises	3,496,300.00	7	0.471%			0.000%
4 American Way, LLC	2,943,500.00	8	0.397%			0.000%
Summerhill Corners Association	2,860,500.00	9	0.386%			0.000%
Spotswood MAB, LLC	2,080,000.00	10	0.280%			0.000%
<b>Total</b>	<b>\$55,884,900.00</b>		<b>7.535%</b>	<b>\$0.00</b>		<b>0.000%</b>

Source: Municipal Tax Assessor

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

HELMETTA BOROUGH  
UNAUDITED

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Sutton Plaza Associates	\$1,422,600.00	1	0.767%			0.000%
Buchan, William & Roseann	1,233,000.00	2	0.665%			0.000%
Maglies, Robert	877,000.00	3	0.473%			0.000%
Aggo, LLC	817,100.00	4	0.441%			0.000%
Bohinski, Loretta & Carol - Trustees	816,300.00	5	0.440%			0.000%
Cui, Maria	576,600.00	6	0.311%			0.000%
G&G Realty, Helmetta, LLC	569,200.00	7	0.307%			0.000%
Bohinski, Charles & Sandra	568,600.00	8	0.307%			0.000%
Tarantino, David	552,200.00	9	0.298%			0.000%
Raczynski, Anthony & Barbara	530,600.00	10	0.286%			0.000%
<b>Total</b>	<b>\$7,963,200.00</b>		<b>4.295%</b>	<b>\$0.00</b>		<b>0.000%</b>

Source: Municipal Tax Assessor

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
		Collected within the Fiscal Year of the Levy (a)		
		Amount	Percentage of Levy	
2021	13,409,084.00	\$13,409,084.00	100.00%	0.00
2020	13,894,842.00	13,894,842.00	100.00%	0.00
2019	13,697,996.00	13,697,996.00	100.00%	0.00
2018	13,339,030.00	13,339,030.00	100.00%	0.00
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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Helmetta Borough		Collections in Subsequent Years
		Collected within the Fiscal Year of the Levy (a)		
		Amount	Percentage of Levy	
2021	3,403,667.00	3,403,667.00	100.00%	0.00
2020	3,454,648.00	3,454,648.00	100.00%	0.00
2019	3,297,164.00	3,297,164.00	100.00%	0.00
2018	3,197,617.00	3,197,617.00	100.00%	0.00
2017	3,055,453.00	3,055,453.00	100.00%	0.00
2016	3,017,950.00	3,017,950.00	100.00%	0.00
2015	3,114,910.00	3,114,910.00	100.00%	0.00
2014	3,147,496.00	3,147,496.00	100.00%	0.00
2013	3,170,965.00	3,170,965.00	100.00%	0.00
2012	3,165,533.00	3,165,533.00	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				
2021	\$9,093,000.00	\$1,325,000.00	-	-	\$10,418,000.00	N/A	N/A
2020	10,018,000.00	1,490,000.00	68,961.93	68,961.93	11,576,961.93	N/A	\$1,123.76
2019	10,913,000.00	1,645,000.00	136,531.91	136,531.91	12,694,531.91	1.927%	1,222.63
2018	11,793,000.00	1,790,000.00	202,738.05	202,738.05	13,785,738.05	2.152%	1,314.30
2017	12,653,000.00	1,925,000.00	279,428.89	279,428.89	14,857,428.89	2.415%	1,391.28
2016	13,233,000.00	2,050,000.00	358,208.00	358,208.00	15,641,208.00	2.626%	1,469.76
2015	5,580,000.00	2,165,000.00	34,456.00	34,456.00	7,779,456.00	1.359%	726.58
2014	6,390,000.00	2,270,000.00	45,290.00	45,290.00	8,705,290.00	1.553%	814.95
2013	7,185,000.00	2,475,000.00	-	-	9,660,000.00	1.809%	909.35
2012	7,975,000.00	2,630,000.00	-	-	10,605,000.00	1.998%	1,004.26

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 June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2021	\$10,418,000.00	\$1,325,000.00	\$9,093,000.00	N/A	N/A
2020	11,508,000.00	1,490,000.00	8,528,000.00	0.920%	827.80
2019	12,558,000.00	1,645,000.00	9,268,000.00	1.000%	892.61
2018	13,583,000.00	1,790,000.00	10,003,000.00	1.079%	953.67
2017	14,578,000.00	1,925,000.00	10,728,000.00	1.157%	1,004.59
2016	15,283,000.00	2,050,000.00	11,183,000.00	1.210%	1,050.84
2015	7,745,000.00	2,165,000.00	3,415,000.00	0.369%	318.95
2014	8,660,000.00	2,270,000.00	4,120,000.00	0.444%	385.70
2013	9,660,000.00	2,475,000.00	4,710,000.00	0.506%	443.38
2012	10,605,000.00	2,630,000.00	5,345,000.00	0.575%	506.16

N/A-Not Available

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, 2020  
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	\$23,290,102.98	100.00%	\$23,290,102.98
Helmetta Borough	2,291,170.81	100.00%	2,291,170.81
Other debt			
Middlesex County	615,856,124.00	0.92%	<u>5,663,509.29</u>
Subtotal, overlapping debt			31,244,783.08
Spotswood Borough School District Direct Debt			<u>11,208,000.00</u>
Total direct and overlapping debt			<u><u>\$42,452,783.08</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 2020

Equalized Valuation Basis

Calendar Year	2020	2019	2018	2017	2016	2015	2014	2013	2012
	\$862,992,437.00								
	845,598,744.00								
	810,065,856.00								
	<u>\$2,518,657,037.00</u>								
Average Equalized Valuation of Taxable Property	\$839,552,345.67								
Debt Limit (4% (a) of average equalization value)	33,582,093.83								
Total Net Debt Applicable to Limit	7,475,502.33								
Legal Debt Margin	<u>\$26,106,591.50</u>								

	Fiscal Year Ending June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$33,582,093.83	\$32,551,087.33	\$31,625,538.19	\$31,112,612.49	\$30,853,611.28	\$30,724,938.00	\$30,504,703.00	\$30,667,483.00	\$31,562,388.00	\$35,080,422.00
Total Net Debt Applicable To Limit	7,475,502.33	7,557,502.33	6,523,242.33	7,092,186.99	4,554,073.18	13,233,000.00	5,580,000.00	6,390,000.00	7,185,000.00	7,975,000.00
Legal Debt Margin	<u>\$26,106,591.50</u>	<u>\$24,993,585.00</u>	<u>\$25,102,295.86</u>	<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>
Total Net Debt Applicable to the Limit as a % of Debt Limit	22.26%	23.22%	20.63%	22.80%	14.76%	43.07%	18.29%	20.82%	22.76%	22.73%

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 2020

Equalized Valuation Basis

Calendar Year	2020	2019	2018	2017	2016	2015	2014	2013	2012
	\$224,794,228.00								
	214,442,401.00								
	214,597,725.00								
	<u>\$653,634,354.00</u>								
Average Equalized Valuation of Taxable Property	\$217,944,784.67								
Debt Limit (4% of average equalization value)	8,717,791.39								
Total Net Debt Applicable to Limit	1,200,000.00								
Legal Debt Margin	<u>\$7,517,791.39</u>								

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit	\$8,717,791.39	\$8,494,004.43	\$8,387,999.81	\$8,204,974.53	\$8,083,493.76	\$8,070,685.00	\$8,072,462.00	\$8,225,139.00	\$9,640,349.00	\$9,640,349.00
Total Net Debt Applicable To Limit	1,200,000.00	1,250,000.00	1,350,000.00	1,350,000.00	1,400,000.00					
Legal Debt Margin	<u>\$7,517,791.39</u>	<u>\$7,244,004.43</u>	<u>\$7,037,999.81</u>	<u>\$6,853,493.76</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>
Total Net Debt Applicable to the Limit as a % of Debt Limit	13.76%	14.72%	16.09%	16.45%	17.32%	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>
2020	8,169	N/A	N/A	9.00%
2019	8,228	\$522,124,196.00	\$63,457.00	3.30%
2018	8,307	507,266,955.00	61,065.00	4.00%
2017	8,456	487,048,688.00	57,598.00	3.90%
2016	8,429	471,855,420.00	55,980.00	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%

<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>
2020	2,133	N/A	N/A	9.50%
2019	2,155	\$136,749,835.00	\$63,457.00	3.10%
2018	2,182	133,243,830.00	61,065.00	3.80%
2017	2,223	128,040,354.00	57,598.00	4.70%
2016	2,213	123,883,740.00	55,980.00	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%

N/A-Not Available

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 provided by the Department of Labor and Workforce Development
- (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

2020		2011	
<u>Employer</u>	<u>Business</u>	<u>Employer</u>	<u>Business</u>
			<u>Estimated Number of Employees</u>
Spotswood Board of Education	Public Schools		
Shop Rite of Spotswood	Supermarket		284
International Paper	Industry - Manufacturing		216
Borough of Spotswood	Municipal Government		142
			135
			N/A
			N/A
			N/A
			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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	111	101	102	102	109	118	133	131	136	132
Special education	33	34	35	33	33	28	24	26	23	22
Vocational	9	9	9	9	9	10	10	11	11	11
Other Instruction	10	10	10	10	9	9		7	7	6
Support Services:										
Student and instruction related services	45	56	55	56	54	55	56	37	37	29
General administrative services	9	9	9	9	9	10	9	11	11	13
School administrative services	14	17	17	17	18	16	10	10	10	10
Central services and Admin Info Tech	8	9	8	8	8	7	10	6	6	7
Plant operations and maintenance	39	22	23	22	22	22	22	23	23	33
Pupil transportation	6	5	5	5	5	4	4	2	1	1
<b>Total</b>	<b>284</b>	<b>272</b>	<b>273</b>	<b>271</b>	<b>276</b>	<b>279</b>	<b>278</b>	<b>264</b>	<b>265</b>	<b>264</b>

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				
2021	1,576	\$32,748,766.31	\$20,780	12.59%	154	N/A	N/A	N/A	1,576	1,418	-4.83%	89.97%
2020	1,656	30,563,671.90	18,456	4.24%	154	N/A	N/A	N/A	1,656	1,590	-0.96%	96.01%
2019	1,672	29,604,245.44	17,706	6.83%	156	N/A	N/A	N/A	1,672	1,587	-1.82%	94.92%
2018	1,703	28,226,513.98	16,575	4.74%	154	N/A	N/A	N/A	1,703	1,614	-2.57%	94.77%
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%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>District Buildings</u>										
Elementary School(s):										
Appleby Elementary School										
Square Feet	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643	49,643
Capacity (students)	684	684	684	684	684	684	684	684	684	684
Enrollment	344	401	416	435	449	448	457	459	423	427
Schoenly Elementary School										
Square Feet	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680	34,680
Capacity (students)	620	620	620	620	620	620	620	620	620	620
Enrollment	202	233	223	238	239	244	258	258	276	270
Memorial Middle School (1993)										
Square Feet	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216	48,216
Capacity (students)	527	527	527	527	527	527	527	527	527	527
Enrollment	314	337	357	358	338	323	314	317	354	364
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	726	685	675	672	720	763	731	738	755	726

Number of Schools at June 30, 2021

Elementary = 2

Middle School = 1

High School = 1

Source: District records

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
2021	\$1,223,743.00	\$503,058.00	\$255,874.00	\$193,999.00	\$270,812.00
2020	450,205.40	251,645.09	143,582.19	115,737.54	99,718.21
2019	440,449.45	195,626.13	95,512.71	67,862.45	91,204.11
2018	417,413.00	155,033.20	100,647.30	78,211.98	106,556.97
2017	455,609.00	152,630.00	91,941.00	83,083.00	89,759.00
2016	487,423.00	169,250.00	87,713.00	91,487.00	107,159.00
2015	507,997.00	155,057.00	123,957.00	93,567.00	114,842.00
2014	402,249.00	213,116.00	83,747.00	95,238.00	115,896.00
2013	378,188.00	120,917.00	85,270.00	91,059.00	105,003.00
2012	524,905.00	131,015.00	71,694.00	79,912.00	95,567.00
<b>Total School Facilities</b>	<b>\$5,288,181.85</b>	<b>\$2,047,347.42</b>	<b>\$1,139,938.20</b>	<b>\$990,156.97</b>	<b>\$1,196,517.29</b>

\* - 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

<b>Property</b>	<b>Coverage</b>
Real and Personal Property	\$500,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered
Loss of Business Income/Tuition	Not Covered
Limited Builders Risk	\$10,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence/NJSIG annual aggregate
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/NJSIG annual aggregate
Accounts Receivable	\$25,000 per occurrence/NJSIG annual aggregate
All Flood Zones	\$75,000,000 per occurrence/NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence/NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence/NJSIG annual aggregate
Deductibles:	
Real & Personal	\$5,000 per occurrence
Extra Expense	\$5,000 per occurrence
Valuable Papers	\$5,000 per occurrence
Special Flood Hazard Area Flood	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones	\$10,000 per member/per occurrence
 <b>Electronic Data Processing</b>	
Data Processing Equipment Including Data and Media, Extra Expense, Business Income, Duplicates, Transit and Debris Removal	
Terrorism	Included in property
Computer Virus	\$250,000 \$10,000,000 NJSIG Annual Aggregate
Deductible	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductible:	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
UNAUDITED

**Equipment Breakdown**

Combined Single Limit per Accident for Property Damage and Business Income	\$100,000,000	
Sublimits:		
Property Damage	Included	
Off Premises Property Damage	\$1,000,000	
Business Income	included	
Extra Expense	\$10,000,000	
Service Interruption	\$10,000,000	
Perishable Goods	\$1,000,000	
Data Restoration	\$1,000,000	
Contingent Business Income	\$1,000,000	
Demolition	\$1,000,000	
Ordinance or Law	\$1,000,000	
Expediting Expenses	\$1,000,000	
Hazardous Substances	\$1,000,000	
Newly Acquired Locations (120 days' notice)	\$1,000,000	
Terrorism	Included	
Deductibles:	\$25,000	per Accident for Property Damage Service Interruption Waiting Period 24 Hours

**Crime**

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$5,000,000	\$1,000
Insuring Agreement 2 - Forgery or Alteration	\$1,000,000	\$1,000
Insuring Agreement 3 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$100,000	\$1,000
Insuring Agreement 4 - Money Orders & Counterfeit Paper Currency	\$100,000	\$1,000
Insuring Agreement 5 - Computer Fraud	\$100,000	\$1,000

**Comprehensive General Liability**

Bodily Injury and Property Damage	\$21,000,000	per occurrence
Products and Completed Operations	\$21,000,000	annual aggregate
Sexual Abuse	\$15,000,000	per occurrence
	\$15,000,000	per member annual aggregate
	\$27,000,000	annual NJSIG aggregate
Communicable Disease Outbreak	\$1,000,000	per occurrence
	\$9,000,000	annual NJSIG aggregate

SPOTSWOOD BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
UNAUDITED

**Comprehensive General Liability (continued)**

Personal Injury and Advertising Injury	\$21,000,000	
Employee Benefits Liability	\$21,000,000	
Employee Benefits Liability Deductible	\$1,000	
Premises Medial Payments	\$10,000	per accident
	\$5,000	limit per person
Terrorism	\$1,000,000	per occurrence/annual NJSIG aggregate
Deductible	\$0	

**Automobile**

Liability

Symbol 1 Any Auto	\$21,000,000	
Bodily Injury and Property Damage		
Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Autos	\$1,000,000	
Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles	\$15,000	Bodily Injury Per Person
	\$30,000	Bodily Injury Per Accident
	\$5,000	all other vehicles
Symbol 5 Personal Injury Protection (including pedestrians) Medical Payments	\$250,000	
	\$10,000	private passenger vehicles
	\$5,000	all other vehicles
		per occurrence/annual
Terrorism	\$1,000,000	NJSIG aggregate
Communicable Disease	\$1,000,000	per occurrence
	\$9,000,000	annual NJSIG aggregate
Deductible	\$0	
Physical Damage		Scheduled vehicles only
Symbol 7		
Comprehensive	\$1,000	deductible
Collision	\$1,000	deductible
Hired Car Physical Damage	\$1,000	deductible
Replacement Cost	\$1,000	deductible
Garage Keepers		Included
Bonds - Traveler's		
School Business Administrator/Board Secretary	500,000	N/A
School Treasurer	500,000	N/A

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**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF 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 08884

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and incompliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Spotswood School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2022.

***Internal Control Over Financial Reporting***

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

## ***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

## ***Purpose of This Report***

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

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 7, 2022



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE AND 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 08884

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

We have audited the Spotswood School District's, County of Middlesex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Spotswood School District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Spotswood School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Spotswood School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



# SUPLEE, CLOONEY & COMPANY

## **Opinion on Each Major Federal and State Program**

In our opinion, the Spotswood School District, County of Middlesex, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and 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

February 7, 2022

SPRINGWOOD BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021

FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	AWARD AMOUNT	BALANCE AT JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE, JUNE 30, 2021	
											(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
DUE GRANTOR												
General Fund:												
U.S. Department of Education:												
Passed-through State Department of Education:												
93.778	N/A	210SNUSMAP	07/01/2020	06/30/2021	\$ 54,112.21	\$ -	\$ 54,112.21	\$ (54,112.21)	\$ -	\$ -	\$ -	\$ -
93.778	N/A	210SNUSMAP	07/01/2020	06/30/2021	4,493.06	-	4,493.06	(4,493.06)	-	-	-	-
Total General Fund												
Special Revenue Fund:												
U.S. Department of Education:												
Passed-through State Department of Education:												
84.010	NCLB497021	S070A150030	07/01/2020	06/30/2021	148,694.00	-	82,291.00	(137,290.05)	-	-	(54,998.05)	-
84.367	NCLB497020	S367A150029	07/01/2019	06/30/2020	54,526.00	(11,980.00)	11,980.00	-	-	-	-	-
84.367	NCLB497021	S367A150029	07/01/2020	06/30/2021	48,100.00	-	10,121.00	(24,971.00)	-	-	(14,850.00)	-
84.365	NCLB497020	S365A170030	07/01/2019	06/30/2020	18,676.00	(2,182.00)	2,182.00	-	-	-	-	-
84.365	NCLB497021	S365A170030	07/01/2020	06/30/2021	34,231.00	-	9,396.00	(17,701.87)	-	-	(8,313.87)	-
84.367	NCLB497020	S367A150029	07/01/2020	06/30/2021	6,914.00	-	-	(5,315.00)	-	-	(5,315.00)	-
84.166	NCLB497020	S186A150029	07/01/2019	06/30/2020	15,303.00	-	-	-	-	-	-	-
84.166	NCLB497021	S186A150029	07/01/2020	06/30/2021	24,004.00	-	4,500.00	(6,600.00)	-	-	(2,100.00)	-
Total U.S. Department of Education												
U.S. Department of Education:												
I.D.E.A. Part B Special Education Cluster:												
84.027	IDEA497020	S027A151100	07/01/2019	06/30/2020	415,546.00	(44,905.00)	44,905.00	-	-	-	-	-
84.027	IDEA497021	S027A151100	07/01/2020	06/30/2021	425,891.00	-	372,609.00	(411,277.46)	-	-	(38,668.46)	-
84.173	IDEA497020	S173A150114	07/01/2019	06/30/2020	19,426.00	-	-	-	-	-	-	-
84.173	IDEA497021	S173A150114	07/01/2020	06/30/2021	19,469.00	-	12,231.00	(19,269.00)	-	-	(7,238.00)	-
Total I.D.E.A. Part B Special Education Cluster												
Education Stabilization Fund												
84.425D	N/A	S425D200027	3/1/20	9/30/22	113,375.00	-	91,659.00	(112,374.00)	-	-	(20,715.00)	-
84.425D	N/A	S425D210027	3/1/20	9/30/23	11,750.00	-	91,659.00	(11,750.00)	-	-	(11,750.00)	-
Total Education Stabilization Fund												
Total U.S. Department of Education												
U.S. Department of Treasury												
Passed-through State Department of Education:												
21.019	N/A	S377A130031	7/16/20	10/31/20	5,742.00	(44,905.00)	5,742.00	(5,742.00)	-	-	-	-
21.019	N/A	21-5120-517	8/1/20	6/30/21	63,734.00	-	590,860.00	(63,734.00)	-	-	(78,371.46)	-
Total U.S. Department of Treasury												
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
10.555	N/A	20161N1304N1099	07/01/2019	06/30/2020	32,620.06	2,891.63	36,384.44	(2,891.63)	-	-	-	21.05
10.555	N/A	21161N1304N1099	07/01/2020	06/30/2021	36,384.44	-	1,947.11	(36,383.38)	-	-	-	-
10.555	N/A	20161N1304N1099	07/01/2019	06/30/2020	9,687.81	(1,947.11)	168,013.17	(187,858.71)	-	-	(19,845.54)	-
10.555	N/A	21161N1304N1099	07/01/2020	06/30/2021	61,565.85	-	50,672.79	(61,566.85)	-	-	(10,686.06)	-
10.553	N/A	16161N1304N1099	07/01/2019	06/30/2020	4,124.26	(39.97)	3,350.69	(3,746.47)	-	-	(365.78)	-
10.562	N/A	16161N1304N1099	07/01/2020	06/30/2021	3,746.47	-	290,408.17	(306,495.07)	-	-	(30,927.38)	-
10.555	N/A	202121H170341	07/01/2020	06/30/2021	14,275.02	904.55	290,408.17	(14,275.02)	-	-	(30,927.38)	-
10.562	N/A	202121S900941	07/01/2020	06/30/2021	614.00	904.55	290,408.17	(614.00)	-	-	(30,927.38)	-
Total Child Nutrition Cluster												
P-EBT Administrative Cost												
10.649	N/A	202121S900941	07/01/2020	06/30/2021	614.00	904.55	290,408.17	(614.00)	-	-	(30,927.38)	-
Total Enterprise Fund												
Total Federal Financial Assistance												
					\$ (44,000.45)	\$ 909,893.44	\$ (1,181,933.92)	\$ (1,181,933.92)	\$ -	\$ -	\$ (109,286.84)	\$ 21.05

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, 2021

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE JUNE 30, 2020			BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2021			MEMO CUMULATIVE	
			FROM	TO	REVENUE (ACCTS RFC)	DUE TO GRANIOR	CASH RECEIVED			UNEARNED	DUE	BUDGETARY RECEIVABLE	TOTAL EXPENDITURES	
														(ACCOUNTS RECEIVABLE)
<b>State Department of Education</b>														
<b>General Funds:</b>														
Equalization Aid	20-495-034-5120-078	5,335,520.00	07/01/2019	06/30/2020	\$ -		\$ 531,158.40	\$ -	(\$ 531,158.40)	\$ -	\$ -	\$ -	(\$ 531,158.40)	\$ 5,335,520.00
Categorical Special Education Aid	20-495-034-5120-089	990,548.00	07/01/2019	06/30/2020	-		100,853.00	(100,853.00)	-	-	-	-	(100,853.00)	990,548.00
Categorical Security Aid	20-495-034-5120-084	160,684.00	07/01/2019	06/30/2020	-		13,447.00	(13,447.00)	-	-	-	-	(13,447.00)	160,684.00
Equalization Aid	21-495-034-5120-078	5,275,296.00	07/01/2020	06/30/2021	-		4,748,473.91	(5,275,296.00)	526,822.09	-	-	-	-	5,275,296.00
Categorical Special Education Aid	21-495-034-5120-089	995,880.00	07/01/2020	06/30/2021	-		895,850.00	(995,880.00)	100,030.00	-	-	-	-	995,880.00
Categorical Security Aid	21-495-034-5120-084	160,684.00	07/01/2020	06/30/2021	-		147,347.00	(160,684.00)	13,337.00	-	-	-	-	160,684.00
State Aid Public Cluster					-		6,437,129.31	(6,431,860.00)	(5,269.31)	-	-	-	(645,458.40)	12,918,612.00
Categorical Transportation Aid	20-495-034-5120-014	236,772.00	07/01/2019	06/30/2020	-		26,894.00	(26,894.00)	-	-	-	-	(26,894.00)	236,772.00
Categorical Transportation Aid	21-495-034-5120-014	236,772.00	07/01/2020	06/30/2021	-		210,097.00	(236,772.00)	26,675.00	-	-	-	-	236,772.00
Extraordinary Aid	20-495-034-5120-044	178,196.00	07/01/2019	06/30/2020	(178,196.00)		178,196.00	-	-	-	-	-	-	178,196.00
Extraordinary Aid	21-495-034-5120-044	318,443.00	07/01/2020	06/30/2021	-		-	(318,443.00)	-	(318,443.00)	-	-	318,443.00	318,443.00
Non-Public Transportation Aid	20-495-034-5120-014	268.00	07/01/2019	06/30/2020	(268.00)		268.00	-	-	-	-	-	-	268.00
Non-Public Transportation Aid	21-495-034-5120-014	15,080.00	07/01/2020	06/30/2021	-		-	(15,080.00)	-	(15,080.00)	-	-	-	15,080.00
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	840,420.37	07/01/2019	06/30/2020	(40,681.46)		40,681.46	-	-	-	-	-	-	840,420.37
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	845,545.34	07/01/2020	06/30/2021	-		803,724.54	(845,545.34)	-	(41,820.80)	-	-	41,820.80	845,545.34
On-behalf TPAF non-contributory insurance	21-495-034-5094-004	60,080.00	07/01/2020	06/30/2021	-		60,080.00	(60,080.00)	-	-	-	-	-	60,080.00
On-behalf TPAF Pension	21-495-034-5094-002	3,157,740.00	07/01/2020	06/30/2021	-		3,157,740.00	(3,157,740.00)	-	-	-	-	-	3,157,740.00
On-behalf TPAF Long-Term Disability Insurance (non-bud.)	21-495-034-5094-004	1,782.00	07/01/2020	06/30/2021	-		1,782.00	(1,782.00)	-	-	-	-	-	1,782.00
On-behalf TPAF post retirement medical	21-495-034-5094-001	1,008,415.00	07/01/2020	06/30/2021	-		1,008,415.00	(1,008,415.00)	-	-	-	-	-	1,008,415.00
Total General Funds					(219,145.46)		11,925,007.31	(12,075,717.34)	(5,488.31)	(375,343.80)	-	-	(312,088.60)	19,818,125.71
<b>Special Revenue Fund:</b>														
Non-Public Textbooks	20-100-034-5120-064	7,949.00	07/01/2019	06/30/2020	-	63.00	-	(63.00)	-	-	-	-	-	7,949.00
Non-Public Textbooks	21-100-034-5120-064	8,064.00	07/01/2020	06/30/2021	-	-	8,064.00	(7,983.00)	-	-	-	81.00	-	8,064.00
Non-Public Comp Ed	20-100-034-5120-067	17,846.00	07/01/2019	06/30/2020	(1,946.00)	1,623.00	1,946.00	-	(1,623.00)	-	-	-	-	17,846.00
Non-Public Comp Ed	21-100-034-5120-067	32,224.00	07/01/2020	06/30/2021	-	-	32,224.00	(25,256.00)	-	-	-	6,968.00	-	32,224.00
Non-Public Examination & Classification	20-100-034-5120-066	3,905.00	07/01/2019	06/30/2020	(1,224.00)	6,872.00	1,224.00	-	(6,872.00)	-	-	-	-	3,905.00
Non-Public Examination & Classification	21-100-034-5120-066	10,405.00	07/01/2020	06/30/2021	-	-	10,405.00	(4,834.00)	-	-	-	5,571.00	-	10,405.00
Non-Public Corrective Speech	20-100-034-5120-066	11,302.00	07/01/2019	06/30/2020	(1,258.00)	-	1,258.00	-	-	-	-	-	-	11,302.00
Non-Public Corrective Speech	21-100-034-5120-066	10,572.00	07/01/2020	06/30/2021	-	-	10,572.00	(10,572.00)	-	-	-	-	-	10,572.00
Non-Public Supplemental Instruction	20-100-034-5120-066	8,095.00	07/01/2019	06/30/2020	(810.00)	-	810.00	-	-	-	-	-	-	8,095.00
Non-Public Supplemental Instruction	21-100-034-5120-066	8,095.00	07/01/2020	06/30/2021	-	-	8,095.00	(6,476.00)	-	-	-	1,619.00	-	8,095.00
Non-Public Nursing	20-100-034-5120-070	14,712.00	07/01/2019	06/30/2020	-	32.00	-	(32.00)	-	-	-	-	-	14,712.00
Non-Public Nursing	21-100-034-5120-070	13,464.00	07/01/2020	06/30/2021	-	-	13,464.00	(13,464.00)	-	-	-	-	-	13,464.00
Non-Public Transportation	20-100-034-5120-068	2,682.00	07/01/2019	06/30/2020	(268.00)	-	268.00	-	-	-	-	-	-	2,682.00
Non-Public Transportation	21-100-034-5120-068	3,347.00	07/01/2020	06/30/2021	-	-	3,347.00	(3,347.00)	-	-	-	-	-	3,347.00
Non-Public Technology Initiative	20-100-034-5120-373	5,324.00	07/01/2019	06/30/2020	-	148.00	-	-	(148.00)	-	-	-	-	5,324.00
Non-Public Security	20-100-034-5120-084	22,724.00	07/01/2019	06/30/2020	-	76.00	-	-	(76.00)	-	-	-	-	22,724.00
Non-Public Security	21-100-034-5120-084	23,100.00	07/01/2020	06/30/2021	-	-	23,100.00	(23,100.00)	-	-	-	-	-	23,100.00
Martin Luther King Jr	07MLKJ109AVF	2,069.00	07/01/2018	06/30/2019	1,308.00	-	-	-	-	-	1,308.00	-	-	2,069.00
Total Special Revenue Fund					(4,198.00)	8,814.00	114,777.00	(95,032.00)	(8,814.00)	-	1,308.00	14,239.00	-	211,621.00
<b>Debt Service Fund</b>														
Debt Service Aid Type II	21-100-034-5120-125	101,266.00	07/01/2020	06/30/2021	\$ -	\$ -	\$ 101,266.00	\$ (101,266.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,266.00
Total Debt Service Fund							101,266.00	(101,266.00)						101,266.00
<b>Enterprise Fund</b>														
National School Lunch Program (State Share)	20-100-034-5120-122	3,010.79	07/01/2019	06/30/2020	(31.41)	-	31.41	-	-	-	-	-	-	3,010.79
National School Lunch Program (State Share)	21-100-034-5120-122	9,814.64	07/01/2020	06/30/2021	-	-	8,372.87	(9,814.64)	-	(1,441.77)	-	-	1,441.77	9,814.64
Total Enterprise Fund					(31.41)	-	8,404.28	(9,814.64)	-	(1,441.77)	-	-	1,441.77	12,825.43
Total State Financial Assistance					\$ (223,374.87)	8,814.00	\$ 12,149,454.59	\$ (12,281,829.58)	\$ (14,302.31)	\$ (376,785.57)	\$ 1,308.00	\$ 14,239.00	\$ (310,646.83)	\$ 21,082,024.58
Less: On-Behalf amounts not utilized for determination of Major Programs:														
On-behalf TPAF non-contributory insurance							(60,080.00)	60,080.00						
On-behalf TPAF Pension							(3,157,740.00)	3,157,740.00						
On-behalf TPAF Long-Term Disability Insurance (non-bud.)							(1,782.00)	1,782.00						
On-behalf TPAF post retirement medical							(1,008,415.00)	1,008,415.00						
Total State Financial Assistance Subject to Single Audit							7,921,437.59	(8,053,812.98)						

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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, 2021**

**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, 2021**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,488.31) for the general fund and \$33,481.00 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	\$58,605.27	\$12,081,205.65	\$12,139,810.92
Special Revenue Fund	782,743.48	95,032.00	877,775.48
Debt Service Fund		101,266.00	101,266.00
Food Service Fund	307,109.07	9,814.64	316,923.71
	<u>1,148,457.82</u>	<u>12,287,318.29</u>	<u>13,435,776.11</u>
GAAP Adjustment	<u>33,481.00</u>	<u>(5,488.31)</u>	<u>27,992.69</u>
Total Awards & Financial Assistance	<u>\$1,181,938.82</u>	<u>\$12,281,829.98</u>	<u>\$13,435,776.11</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, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. 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, 2021.

**Spotswood Borough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**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)**

- |     |   |            |
|-----|---|------------|
| (1) | Internal Control Over Major Federal 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 federal program(s)?   | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance? | No         |
| (4) | Identification of Major Federal Program(s):   |            |

<u>Program Title</u>	<u>Project Number</u>
I.D.E.A. Part B	84.027
I.D.E.A. Preschool	84.173
National School Lunch Program	10.555
USDA Commodities Program	10.555
School Breakfast Program	10.553
Healthy Hunger-free Kids Act	10.592
Emergency Operational Cost Program	10.555

- |     |   |    |
|-----|---|----|
| (5) | Program Threshold Determination:<br>Type A Federal Program Threshold > \$750,000.00<br>Type B Federal Program Threshold <= \$750,000.00 |    |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular 15-08?   | No |

**Spotswood Borough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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

**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                              | 21-495-034-5120-078   |
| Categorical Special Education Aid             | 21-495-034-5120-089   |
| Categorical Security Aid                      | 21-495-034-5120-084   |
| Reimbursed TPAF Social Security Contributions | 21-495-034-5094-003   |
- (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

**Spotswood Borough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**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**



