

Annual Comprehensive Financial Report

of the

Spotswood Borough School District

County of Middlesex

Spotswood, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

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INTRODUCTORY SECTION



Spotswood Board of Education

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December 5, 2023

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, 2023, 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, 2023 and the respective changes in financial position, and where applicable, cash flows for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a listing of consultants, independent auditor and advisors, and roster of officials. The financial section includes Management's Discussion and Analysis (immediately following the report of independent auditors), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual Single Audit in conformity with the provisions of the Division of Finance, Department of Education, State of NJ, the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principals, and Audit

Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the State of New Jersey OMB Circular 15-08 “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.” Information related to this Single Audit, including the auditors’ report on internal control over compliance and on compliance with applicable laws and regulations, if applicable, are included in the Single Audit section of this report.

1. Reporting Entity and its Services

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

The District provides a full range of educational services appropriate to grade levels Preschool through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with an average daily enrollment of 1,584 students, which is approximately a .5% increase 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
2023	1639	3.47
2022	1584	0.5
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

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 19% 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.

3. Initiatives

The Spotswood School District initiatives for the 2022/2023 school year will be as follows:

- a. District Security - School safety and security provides the foundation on which the success of our educational system rests. Our mission can only be realized when both students and staff experience a safe environment that fosters the mastery of learning and supports the artistry of teaching. With the number and severity of incidents of school violence increasing across our nation, ensuring such an environment remains a persistent challenge. To meet this challenge, we employ a layered approach to school safety and security, one that integrates multiple systems from the district level to the classroom level.

Over the years, an integral component of this layered approach has been the presence of a School Resource Officer (SRO). At the end of the school year, however, we were notified that the position would be eliminated within the Spotswood Police Department. In response to the loss of the SRO, the new position of School Safety & Security Lead Officer has been established and will be a recently retired, highly qualified, accomplished law enforcement officer in good standing, vetted professionally, psychologically, and medically, who is fully-trained with experiences connected to school safety and security, certificated, identifiable by district uniform, and able to carry a firearm, as was our School Resource Officer.

The School Safety & Security Lead Officer, working with the Office of the Superintendent, will be responsible to review and recommend additional school safety and security personnel for each of our buildings during school hours for the upcoming school year. To replace the functions and abilities of the School Resource Officer, armed officers will be considered in conjunction with or as replacement to unarmed school safety and security personnel throughout the district, a plan supported by our Chief of Police.

In addition to identifying and hiring personnel to fill the void created by the loss of a School Resource Officer, we continue to be proactive through constant review and refinement of our safety and security policies and procedures, security equipment and technology, site and building design, training and exercise, and people and personnel. This proactive approach, coupled with assessment of current best practices in school safety and security preparation, has led us to schedule numerous safety and security modifications this summer, including security camera upgrades, additional camera surveillance stations, active door monitoring and alerting systems, select door hardware upgrades, and district supported technology content filtering, wellness monitoring, and risk notification systems.

- b. Improvement and Access to Classroom and Student Technology - Access to 1:1 technology, either assigned in the classroom or as personal devices, standardizes expectation, equity, and experience for our students, with the goal of fostering:
 - Increased student engagement and participation
 - More creative learning outlets
 - Tailored learning experiences
 - Effective differentiated instruction and individualized pace for learning
 - Improved student/teacher communication

- c. District Communication Systems - To review and refine our plan to notify and engage our educational community, our communication systems and practices continue to be updated:
 - the review, use, and refinement of external communication solutions including our messaging program (School Messenger), website (Edlio), social media platform (Mav Social), student management system (Genesis), emergency notification and security management platform (Share 911), student digital backpack (ClassLink), and college and career readiness platform (Naviance).

- d. Curriculum and Instruction - 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.
 - MAP testing was added to our assessment suite in the fall of 2021 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 2022-23 school year.
 - A Math Coach position was added to Appleby School in the 2022-23 school year to provide intensive support during the school day for struggling learners identified through a variety of data sources.
 - In-school remediation for math and ELA is in place for the entire 2022-23 school year at Memorial Middle School to provide intensive and targeted support to students based on data collected from the New Jersey Start Strong assessments.
 - During the summer of 2022, the district offered a summer STEAM camp for struggling learners in grades K-5 as identified by MAP assessment data. The camp was offered again in July 2023 and was expanded to include a humanities (ELA) component.

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. Academic Highlights:

- Advanced Placement (AP) Courses
 - 13 AP courses offered at Spotswood High School (SHS) during the 2022-23 school year
 - Total AP enrollment - 187
 - Total AP tests taken - 184
 - SHS average AP score - 3.56, NJ average AP score - 3.17, Global average AP score - 3.02
- PSAT
 - PSAT 9
 - 162 tests taken
 - PSAT 9 SHS Evidence-Based Reading and Writing mean score - 444, NJ mean score - 419
 - PSAT 9 SHS Mathematics mean score - 435, NJ mean score - 422
 - PSAT 10
 - 189 tests taken
 - PSAT 10 SHS Evidence-Based Reading and Writing mean score - 480, NJ mean score - 469
 - PSAT 10 SHS Mathematics mean score - 471, NJ mean score - 459
 - PSAT 11
 - 162 tests taken
 - PSAT 11 SHS Evidence-Based Reading and Writing mean score - 489, NJ mean score - 482
 - PSAT 11 SHS Mathematics mean score - 480, NJ mean score - 475
- Dual Enrollment
 - 13 college-aligned courses offered at Spotswood High School during the 2022-23 school year
 - Total Dual enrollment - 344

b. Extracurricular Highlights:

- Distributive Education Clubs of America (DECA)
 - 2023 DECA International Career Development Conference Top 10 in Entrepreneurship - Innovation Plan Event
- Spotswood High School Bands
 - The Boston Festivals of Music Competition
 - Jazz Band - 3rd place, rating of Superior (first jazz band rating of Superior in school history)
 - Symphonic Band - 1st place, rating of Superior, recipient of the William D. Rivelli best overall band award for scoring the highest of all HS bands at the festival
 - Best Jazz Soloist

c. Athletic Highlights:

- Greater Middlesex Conference (GMC) Division Champions in Girls Soccer (Blue Division), Girls Basketball (Blue Division), Golf (Blue Division), Boys

Tennis (Blue Division), Baseball (Blue Division), and Softball (White Division)

d. Assessment for Accreditation - The district continues with the accreditation process 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.

→ Schoenly Primary School - Accreditation conferred (Fall 2022)

→ Spotswood High School - Site visit and assessment (Spring 2023)

- 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.

→ Memorial Middle School - National School of Character awarded (Spring 2021)

→ Appleby Elementary School - NJ School of Character awarded (Winter 2022-2023)

5. Major Operational or Financial Concerns

Financial concerns have always been an issue for Spotswood and these concerns have remained constant for FY23 since there was a decrease of state aid in the amount of \$21,098.00. This decrease was offset by the increase in taxes and has enabled Spotswood to maintain the amount of programs and personnel budgeted in FY23. 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. One stressor to the budget is the substantial increase in prices affecting technology and facility repairs. Another stressor on the budget is the shortage of personnel which has led to an increase in starting salaries depending on the area needed. The minimum wage increase has also impacted the budget and the ability to attract personnel to areas such as paraprofessional and lunch chaperone positions. Another area of concern is transportation. Wages, fuel costs, repair costs, and bus driver shortages have risen dramatically in transportation leading to an increase in costs for both out of district students and in house transportation.

Looking forward to FY2024, Spotswood had an increase in State Aid in the amount of \$320,000 and received \$109,000 in Stabilization Aid. These additional funds helped to maintain programs for FY2024. In September 2023, Spotswood passed a referendum which includes:

- a. Schoenly
 - i. Partial roof replacement
 - ii. Rooftop unit replacement in the front office
 - iii. Playground replacement
- b. Appleby
 - i. Stage exhaust fan replacement
 - ii. CUH replacements (5)
 - iii. Rooftop unit replacement in the multipurpose room
 - iv. Playground replacement
- c. Memorial
 - i. Upgrading the electrical service
 - ii. HVAC controls
 - iii. HVAC upgrades
- d. High School
 - i. Track and Field Lighting
 - ii. Upgrades to athletic fields
 - iii. Cafeteria lighting and sound system

These upgrades, while improving the district's infrastructure, will also decrease the amount of money spent on maintenance in future budgets.

6. Internal Control

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) evaluation of costs and benefits requires estimates and judgments by management.

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

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

7. Budgetary Controls

In addition to internal control, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance on June 30, 2023.

8. Accounting Systems and Reports

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

9. Debt Administration

As of June 30, 2023, the District's outstanding debt issues included \$8,128,000 of bonds. During the 2023 fiscal year, the District was notified by Standard & Poor's Ratings Services that its bond rating was increased to AA-. 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.

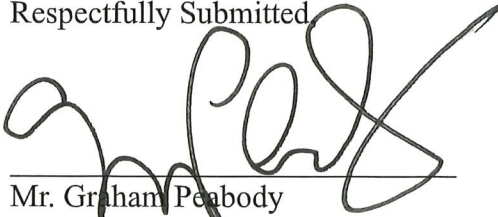
12. Other Information

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.

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, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Daniel Lennan, President	2023
Bertrand Louis, Vice President	2024
Jenalyn Engstrom	2026
Suzanne Krainski	2024
Jim Ziegler	2025
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, 2023

Auditor/Audit Firm

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

Attorney

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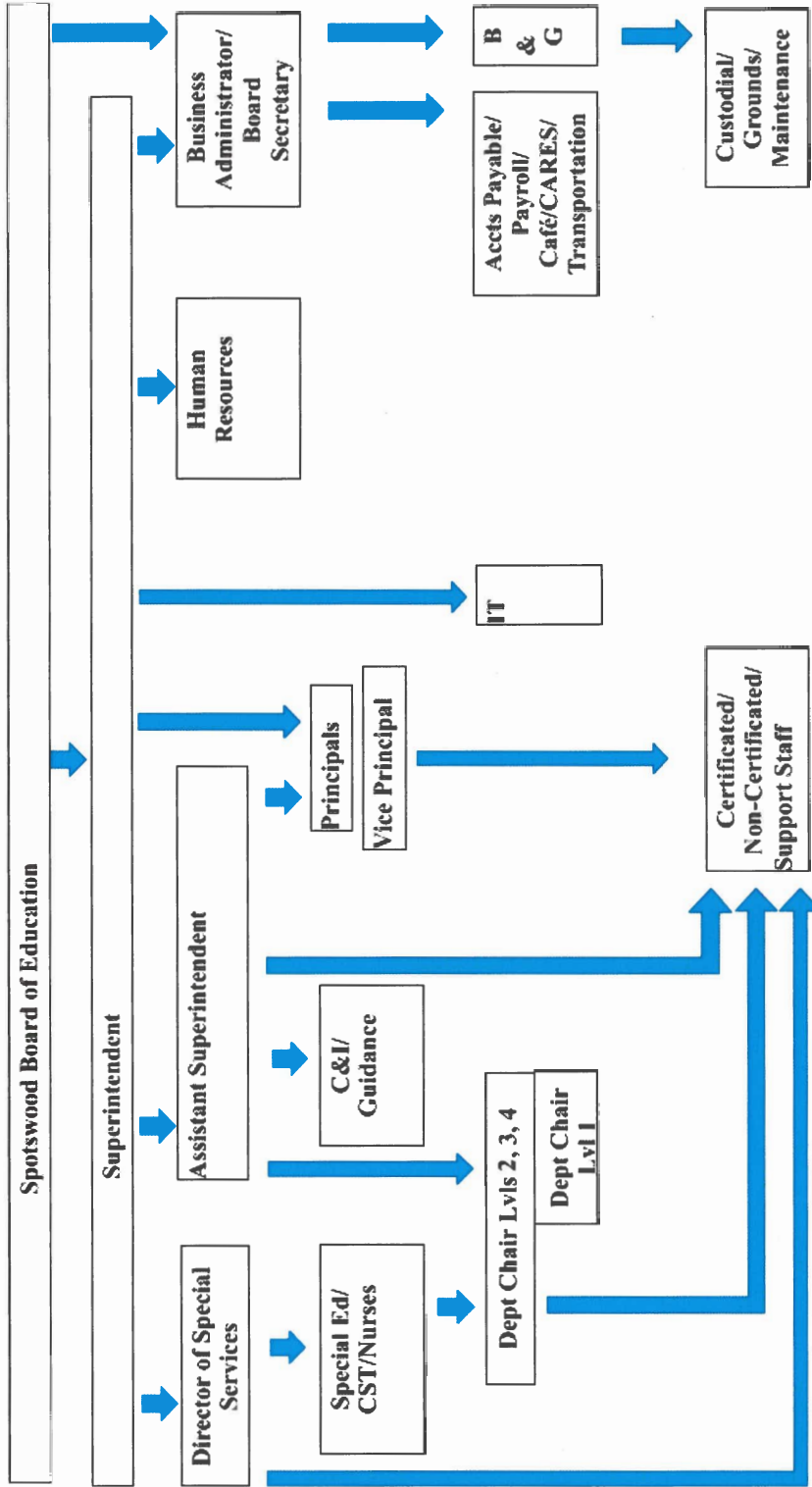
Official Depository

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



Board Approved
01/03/2023

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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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

Opinions

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, State of New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

SUPLEE, CLOONEY & COMPANY

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, Subscription Base Information Technology Agreements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

SUPLEE, CLOONEY & COMPANY

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information 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) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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.

Other Information

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

SUPLEE, CLOONEY & COMPANY

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the 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 District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 10, 2024

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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, 2023
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, 2023. 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 (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A. In fiscal year 2023 the District implemented GASB Statement No. 96- Subscription Based Information Technology Agreements.

Financial Highlights

Key financial highlights for 2023 are as follows:

In the District Wide Statements:

- ◆ In total, net position increased \$2,639,713 which represents a 4.59 percent increase from 2022.
- ◆ General revenues accounted for \$25,898,742 in revenue or 63 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,355,188 or 35 percent of total revenues of \$40,253,930.
- ◆ The School District had \$37,614,217 in expenses; \$14,355,188 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$25,898,742 were adequate to provide for these programs.

In the Fund Financial Statements:

- ◆ The General Fund had \$36,700,001 in revenues and \$34,768,243 in expenditures.
- ◆ Overall, the General Fund's fund balance increased \$1,931,758 from 2022.

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, 2023
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 2023?” 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, 2023
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 2023. In accordance with GASB Statement 34, net position comparisons to fiscal year 2022 are presented.

**TABLE 1
NET POSITION**

	2023			2022		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
ASSETS						
Current & Other Assets	\$15,506,414	\$198,588	\$15,705,002	\$14,361,514	\$341,169	\$14,702,683
Capital Assets	22,446,718	248	22,446,965	23,052,304	9,311	23,061,615
TOTAL ASSETS	37,953,131	198,836	38,151,967	37,413,818	350,480	37,764,298
DEFERRED OUTFLOWS OF RESOURCES:						
Loss on Refunding of Long Term Debt	22,891		22,891	45,785		45,785
Pension Related	857,018		857,018	756,512		756,512
TOTAL DEFERRED OUTFLOWS	879,909		879,909	802,297		802,297
LIABILITIES						
Long-Term Liabilities	12,812,992		12,812,992	13,013,004		13,013,004
Other Liabilities	2,039,506	91,697	2,131,202	2,323,005	79,242	2,402,246
TOTAL LIABILITIES	14,852,498	91,697	14,944,194	15,336,009	79,242	15,415,250
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	932,922		932,922	2,636,297		2,636,297
NET POSITION						
Net investment in capital assets	14,658,834	248	14,659,082	14,111,745	9,311	14,121,056
Restricted	11,817,015		11,817,015	10,636,489		10,636,489
Unrestricted:						
Pension related (deficit)	(5,571,879)		(5,571,879)	(6,337,551)		(6,337,551)
Other	2,143,650	106,892	2,250,542	1,833,126	261,927	2,095,053
TOTAL NET POSITION	\$23,047,621	\$107,139	\$23,154,760	\$20,243,809	\$271,239	\$20,515,047

The District's combined net position was \$23,154,760 on June 30, 2023.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (Continued)**

Table 2 shows changes in net assets for fiscal year 2023. In accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2022 is presented to comparatively analyze district-wide data.

**TABLE 2
CHANGES IN NET POSITION**

	2023			2022		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Revenues:						
Program Revenues:						
Operating Grants & Contributions	\$7,585,881	\$217,336	\$7,803,218	\$7,566,172	\$931,257	\$8,497,429
Charges for Services	5,915,177	636,793	6,551,970	5,779,229	243,266	6,022,495
General Revenues						
Property Taxes	18,584,130		18,584,130	18,256,886		18,256,886
Grants (includes State Aid) and Entitlements	6,754,719		6,754,719	6,603,337		6,603,337
Other Revenues	559,893		559,893	274,108		274,108
	<u>39,399,800</u>	<u>854,130</u>	<u>40,253,930</u>	<u>38,573,731</u>	<u>1,174,523</u>	<u>39,748,254</u>
Expenses:						
Instruction	21,615,890		21,615,890	21,078,186		21,078,186
Pupils and Instructional Staff	6,091,158		6,091,158	6,055,824		6,055,824
General & School Adm, Central Serv & Adm Technology	3,312,032		3,312,032	3,030,596		3,030,596
Maintenance	3,763,618		3,763,618	3,584,497		3,584,497
Transportation	1,482,913		1,482,913	1,256,098		1,256,098
Interest on Long-Term Debt	298,675		298,675	342,241		342,241
Other	31,702		31,702	84,342		84,342
Business-Type		1,018,229	1,018,229		953,896	953,896
Total Expenses	<u>36,595,988</u>	<u>1,018,229</u>	<u>37,614,217</u>	<u>35,431,784</u>	<u>953,896</u>	<u>36,385,680</u>
Change in Net Position	2,803,812	(164,099)	2,639,713	3,141,947	220,627	3,362,574
Net Position July 1,	<u>20,243,809</u>	<u>271,239</u>	<u>20,515,047</u>	<u>17,101,862</u>	<u>50,611</u>	<u>17,152,473</u>
Net Position June 30,	<u>23,047,621</u>	<u>107,139</u>	<u>23,154,760</u>	<u>20,243,809</u>	<u>271,239</u>	<u>20,515,047</u>

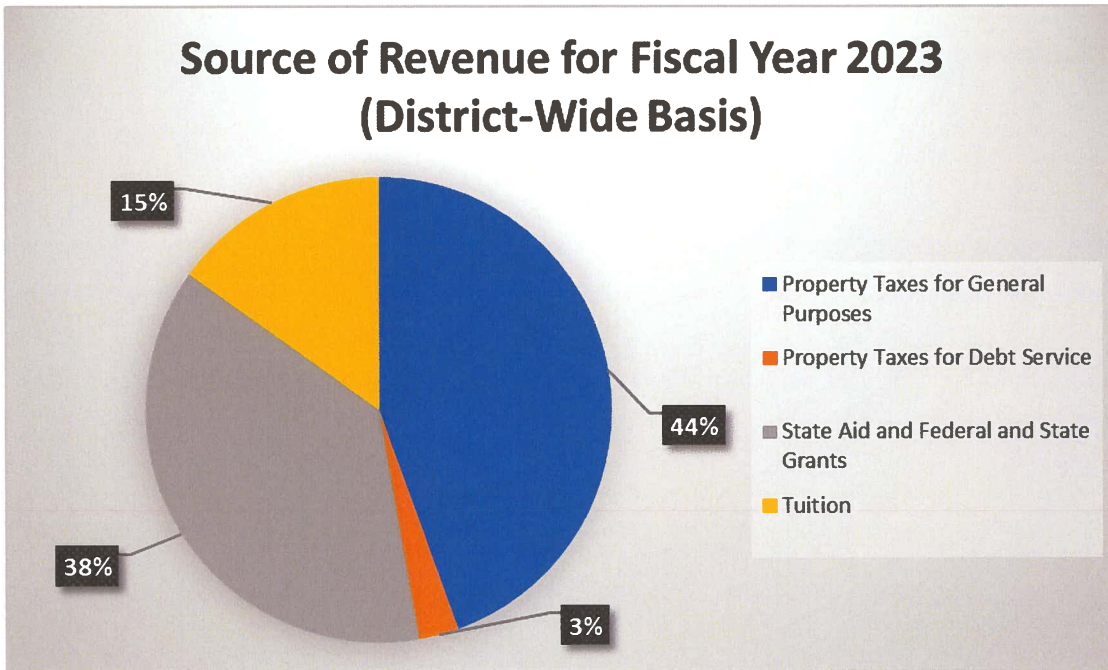
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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.

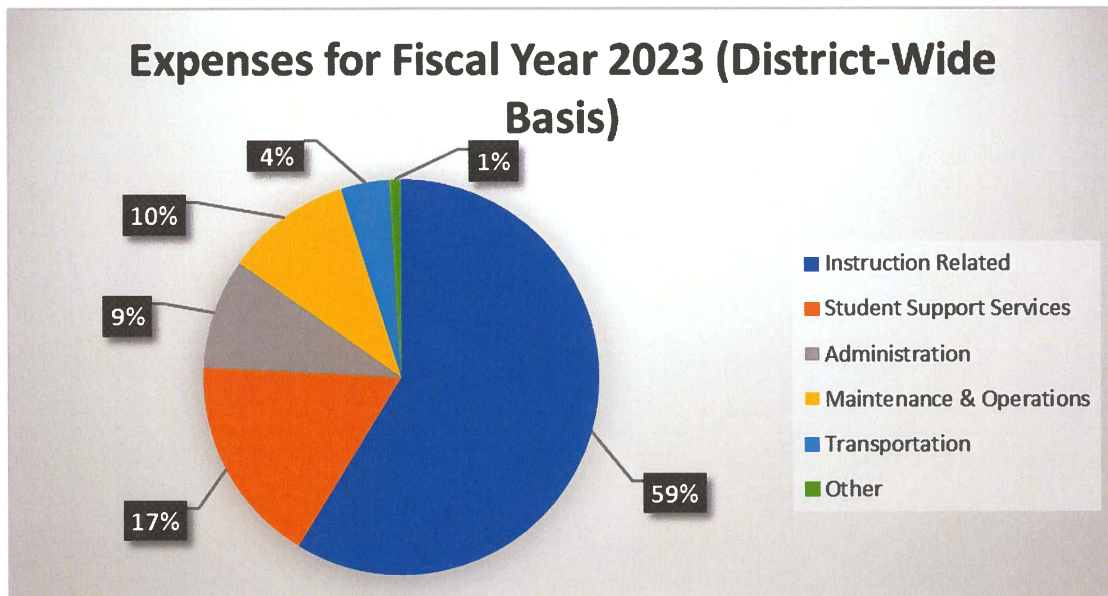
**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (Continued)**

Governmental Activities

As shown in Table 2 the District's total revenue from Governmental Activities was \$39,399,800. Property taxes made up 47 percent of these revenues. Federal, state, and local grants and state aid accounted for 38 percent of revenue and Tuition accounted for another 15%



Also on Table 2, the total cost of Governmental programs and services was \$36,595,988. Direct instruction comprises 59 percent of District expenses.



**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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 expenditures exceeded revenues by \$164,099.
- ◆ Charges for services represent \$636,793 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 217,336
- ◆ The Food Service Fund ended the year with an Unrestricted Net Position of \$112,463.

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 2022 is presented.

**TABLE 3
NET COST OF SERVICES**

	Total Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2023</u>	Net Cost of Services <u>2022</u>
Instruction	21,615,890	\$21,078,186	\$11,542,636	\$11,231,463
Pupils and Instructional Staff	6,091,158	6,055,824	4,099,119	3,914,401
Gen. & School Adm, Central Serv & Adm Technology	3,312,032	3,030,596	2,556,041	2,323,508
Maintenance	3,763,618	3,584,497	3,356,283	3,115,010
Transportation	1,482,913	1,256,098	1,229,234	1,002,419
Interest on Long-Term Debt	298,675	342,241	279,915	321,241
Business-Type	1,018,229	953,896	164,099	(220,627)
Other	31,702	84,342	31,702	84,342
Total Expenses	<u><u>\$37,614,217</u></u>	<u><u>\$36,385,680</u></u>	<u><u>\$23,259,029</u></u>	<u><u>\$21,771,756</u></u>

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

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

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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 and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$39,496,182 and expenditures were \$37,516,944. The net change in fund balance for the year was \$1,979,238.

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, 2023, 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 2022</u>	<u>Percentage Change</u>
Local Sources	\$25,071,798	63.48%	\$742,423	3.05%
State Sources	13,375,219	33.86%	291,394	2.23%
Federal Sources	<u>1,049,165</u>	<u>2.66%</u>	<u>(148,954)</u>	<u>-12.43%</u>
	<u>\$39,496,182</u>	<u>100.00%</u>	<u>\$884,863</u>	<u>2.29%</u>

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

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2023, 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 2022</u>	<u>Percentage Change</u>
Current Expense:				
Instruction	\$12,249,581	32.65%	\$34,052	0.28%
Undistributed	23,559,448	62.80%	862,615	3.80%
Capital Outlay	279,094	0.74%	(38,623)	-12.16%
Debt Service:				
Principal	1,160,000	3.09%	30,000	2.65%
Interest	<u>268,821</u>	<u>0.72%</u>	<u>(36,050)</u>	<u>-11.82%</u>
Total	<u>\$37,516,944</u>	<u>100.00%</u>	<u>\$851,993</u>	<u>2.32%</u>

Changes in expenditures were the results of varying factors.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (Continued)**

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 \$379,818 in extraordinary aid, which is state aid for special education students whose individual program cost exceeds program guidelines; this was \$179,818 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.

Capital Assets

At the end of the fiscal year 2023, the School District had \$22,446,718 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land	\$195,905	\$195,905
Construction in Progress	3,517,786	3,002,875
Site Improvements	756,067	848,943
Building & Building Improvements	16,738,392	17,684,930
Machinery & Equipment	<u>1,238,815</u>	<u>1,330,022</u>
 Total	 <u>\$22,446,965</u>	 <u>\$23,062,675</u>

Overall capital assets decreased \$615,709 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets is due primarily to depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

**SPOTSWOOD BOROUGH SCHOOL DISTRICT
SPOTSWOOD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED (Continued)**

Debt Administration

At June 30, 2023, the School District had \$14,021,494 of outstanding debt. Of this amount, \$800,380 is for compensated absences; \$8,128,000 of serial bonds; \$47,006 in unamortized bond premium and \$5,046,108 in net pension liability.

Table 5 illustrates the balances of the District's various bonds issues outstanding at June 30, 2023 and June 30, 2022.

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

	2023	2022
2007 Refunding Bonds	\$ 675,000	\$1,340,000
2012 School Energy Savings Refunding Bonds	950,000	1,145,000
2016 School Bonds	6,503,000	6,803,000
Total	\$8,128,000	\$9,288,000

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 2022-2023 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.

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, 2023

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, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$7,494,458.21	\$177,878.81	\$7,672,337.02
Receivables, net	1,222,657.93	12,617.46	1,235,275.39
Inventory		8,092.04	8,092.04
Restricted assets:			
Restricted cash and cash equivalents	6,789,297.64		6,789,297.64
Capital assets:			
Land and Construction in progress	3,713,691.22		3,713,691.22
Other Capital Assets net of depreciation	18,733,026.29	247.60	18,733,273.89
Total Assets	37,953,131.29	198,835.91	38,151,967.20
DEFERRED OUTFLOWS OF RESOURCES:			
Premium and Loss on Refunding of Long Term Debt	22,891.00		22,891.00
Pension Related	857,018.00		857,018.00
Total Deferred Outflow of Resources	879,909.00		879,909.00
LIABILITIES:			
Accounts payable	449,867.00	45,290.05	495,157.05
Payroll deductions payable	19,720.94		19,720.94
Payable to state government	18,416.00		18,416.00
State Unemployment Insurance Payable	19,725.86		19,725.86
Unearned revenue	232,079.97	46,406.45	278,486.42
Accrued Interest Payable	91,193.76		91,193.76
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,208,502.00		1,208,502.00
Due beyond one year:			
Net Pension Liability	5,046,108.00		5,046,108.00
Compensated absences payable	800,380.01		800,380.01
Bonds payable	6,966,504.00		6,966,504.00
Total liabilities	14,852,497.54	91,696.50	14,944,194.04
DEFERRED INFLOWS OF RESOURCES:			
Pension Related	932,922.00		932,922.00
NET POSITION:			
Net investment in capital assets	14,658,834.16	247.60	14,659,081.76
Restricted for:			
Special revenue fund	263,948.29		263,948.29
Capital projects fund	3,650,739.85		3,650,739.85
Other purposes	7,902,327.27		7,902,327.27
Unrestricted (deficit)	(3,428,228.82)	106,891.81	(3,321,337.01)
Total net position	\$23,047,620.75	\$107,139.41	\$23,154,760.16

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Functions/Programs	Expenses	Indirect Cost Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 9,517,110.41	\$ 7,146,136.05	\$ 5,423,921.10	\$ 3,615,029.22	\$ (7,624,296.14)	\$ (7,624,296.14)
Special	1,972,814.98	1,883,207.14		789,126.53	(3,066,895.59)	(3,066,895.59)
Other Instruction	759,655.94	336,965.58		245,177.26	(851,444.26)	(851,444.26)
Support services:						
Tuition	850,047.52	(850,047.52)				
Student and instruction related services	4,798,062.16	1,293,095.79	491,255.97	1,722,897.10	(3,877,004.88)	(3,877,004.88)
General administrative services	392,534.68	(113,016.69)		57,404.32	(222,113.67)	(222,113.67)
School administrative services	1,119,112.37	846,592.10		349,869.01	(1,615,835.46)	(1,615,835.46)
Central service/Admin information technology	840,320.09	226,489.82		126,604.06	(940,205.85)	(940,205.85)
Plant operations and maintenance	3,028,616.47	735,001.08		407,334.79	(3,356,282.76)	(3,356,282.76)
Pupil transportation	1,337,648.05	145,265.10		253,678.75	(1,229,234.40)	(1,229,234.40)
Unallocated benefits	10,299,350.20	(10,299,350.20)				
Transfer to Charter Schools	31,702.00				(31,702.00)	(31,702.00)
Interest on Long-Term Debt	298,675.35			18,760.41	(279,914.94)	(279,914.94)
Unallocated Compensated Absence	(1,508.96)	1,508.96				
Unallocated depreciation	1,351,847.21	(1,351,847.21)				
Total governmental activities	<u>36,595,988.47</u>		<u>5,915,177.07</u>	<u>7,585,881.45</u>	<u>(23,094,929.95)</u>	<u>(23,094,929.95)</u>
Business-type activities						
CARES	331,769.55		298,158.94		(33,610.61)	(33,610.61)
Food Service	686,459.43		338,634.47	217,336.39	(130,488.57)	(130,488.57)
Total business-type activities	<u>1,018,228.98</u>		<u>636,793.41</u>	<u>217,336.39</u>	<u>(164,099.18)</u>	<u>(164,099.18)</u>
Total primary government	\$ <u>37,614,217.45</u>	\$	\$ <u>6,551,970.48</u>	\$ <u>7,803,217.84</u>	\$ <u>(23,094,929.95)</u>	\$ <u>(23,259,029.13)</u>
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net					\$ 17,491,986.00	\$ 17,491,986.00
Taxes levied for debt service					1,092,144.00	1,092,144.00
Federal and state aid not restricted					6,627,259.44	6,627,259.44
Federal and state aid restricted					127,459.32	127,459.32
Miscellaneous income					559,893.12	559,893.12
Total general revenues and special items					<u>25,898,741.88</u>	<u>25,898,741.88</u>
Change in Net Position					(164,099.18)	2,639,712.75
Net Position - beginning					20,243,808.82	20,243,808.82
Net Position ending					<u>23,047,620.75</u>	<u>23,154,760.16</u>

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, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	\$ 6,429,902.18	\$ 612,775.82	\$ 451,779.86	\$ 0.35	\$ 7,494,458.21
Cash, Capital Reserve	3,650,739.85				3,650,739.85
Cash, Maintenance Reserve	3,138,557.79				3,138,557.79
Other receivables	237,798.25				237,798.25
Due from other funds	333,953.68				333,953.68
Receivables from other governments	785,627.56	199,232.12			984,859.68
Total assets	\$ 14,576,579.31	\$ 812,007.94	\$ 451,779.86	\$ 0.35	\$ 15,840,367.46
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfund payables	\$	\$ 333,953.68	\$	\$	\$ 333,953.68
Payroll deductions payable	19,720.94				19,720.94
State unemployment insurance payable	19,725.86				19,725.86
Payable to state government		18,416.00			18,416.00
Unearned revenue	36,390.00	195,689.97			232,079.97
Total liabilities	75,836.80	548,059.65			623,896.45
Fund balances:					
Restricted:					
Emergency Reserve	150,000.00				150,000.00
Capital reserve	3,650,739.85				3,650,739.85
Maintenance reserve	3,138,557.79				3,138,557.79
State Unemployment Insurance	239,815.34				239,815.34
Excess Surplus designated for subsequent years expenditures	3,230,035.48				3,230,035.48
Excess surplus - Current Year	1,383,734.00				1,383,734.00
Capital projects fund			364,231.65		364,231.65
Debt service fund				0.35	0.35
Student Activities		263,948.29			263,948.29
Assigned:					
Encumbrances	1,005,985.06		87,548.21		1,093,533.27
Designated for subsequent years expenditures					
Other	823,505.52				823,505.52
Unassigned	878,369.47				878,369.47
Total fund balances	14,500,742.51	263,948.29	451,779.86	0.35	15,216,471.01
Total liabilities and fund balances	\$ 14,576,579.31	\$ 812,007.94	\$ 451,779.86	\$ 0.35	\$ 15,840,367.46

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)		\$15,216,471.01
<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	\$48,999,849.87	
Accumulated Depreciation	<u>(26,553,132.36)</u>	
		22,446,717.51
<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	(5,046,108.00)	
Compensated Absences	(800,380.01)	
Bonds Payable		
Outstanding at June 30, 2023	(\$8,128,000.00)	
Add: Unamortized Balance of Refunding Bonds	<u>(24,115.00)</u>	
	<u>(8,152,115.00)</u>	
		(13,998,603.01)
<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	435,361.00	
Employer Contribution related to pensions	<u>421,657.00</u>	
		857,018.00
Deferred Inflows:		
Pension related		(932,922.00)
<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	(449,867.00)	
Accrued Interest Payable	<u>(91,193.76)</u>	
		<u>(541,060.76)</u>
Net Position of Governmental Activities		<u>\$23,047,620.75</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, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 17,491,986.00	\$	\$	\$ 1,092,144.00	\$ 18,584,130.00
Tuition from Individuals	335,144.10				335,144.10
Tuition from other LEAs within the State	5,088,777.00				5,088,777.00
Unrestricted Miscellaneous Revenues	322,094.87	503,853.84			825,948.71
Total - local sources	23,238,001.97	503,853.84		1,092,144.00	24,833,999.81
Intermediate Sources:					
PILOT Payment to School District	237,798.25				237,798.25
State sources	13,162,364.69	114,115.46		98,739.00	13,375,219.15
Federal sources	61,836.44	987,328.75			1,049,165.19
Total revenues	36,700,001.35	1,605,298.05		1,190,883.00	39,496,182.40
EXPENDITURES:					
Current expense:					
Regular instruction	9,517,110.41				9,517,110.41
Special instruction	1,972,814.98				1,972,814.98
Other Instruction	759,655.94				759,655.94
Support services:					
Tuition	850,047.52				850,047.52
Student & instruction related services	3,240,244.84	1,557,817.32			4,798,062.16
General administrative services	392,534.68				392,534.68
School administrative services	1,119,112.37				1,119,112.37
Central service/Admin information technology	840,320.09				840,320.09
Plant operations and maintenance	3,028,616.47				3,028,616.47
Pupil transportation	1,337,648.05				1,337,648.05
Unallocated benefits	11,161,404.20				11,161,404.20
Transfer to Charter Schools	31,702.00				31,702.00
Debt Service:					
Principal	195,000.00			965,000.00	1,160,000.00
Interest	42,937.50			225,883.76	268,821.26
Capital outlay	279,093.97		514,910.96		794,004.93
Total expenditures	34,768,243.02	1,557,817.32	514,910.96	1,190,883.76	38,031,855.06
Excess (deficiency) of revenues over (under) expenditures	1,931,758.33	47,480.73	(514,910.96)	(0.76)	1,464,327.34
Net change in fund balances	1,931,758.33	47,480.73	(514,910.96)	(0.76)	1,464,327.34
Fund balances, July 1,	12,568,984.18	216,467.56	966,690.82	1.11	13,752,143.67
Fund balances, June 30,	\$ 14,500,742.51	\$ 263,948.29	\$ 451,779.86	\$ 0.35	\$ 15,216,471.01

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, 2023

Total net change in fund balances - governmental funds (from B-2)		\$1,464,327.34
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense		(1,351,847.21)
Capital outlays	\$794,004.93	
Less: Capital Outlays not capitalized	<u>(47,743.86)</u>	746,261.07
<p>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.</p>		
Bonds Paid by Budget		1,160,000.00
<p>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.</p>		
		17,281.77
<p>Governmental funds report the effect on premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the current year amortization related to the deferred loss of refunding.</p>		
Amortization of Bond Premium	23,502.00	
Amortization of Deferred Loss on Refunding Bonds	<u>(22,894.00)</u>	608.00
<p>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.</p>		
District pension contributions	421,657.00	
Add: Pension Benefit	<u>344,015.00</u>	765,672.00
<p>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 (+).</p>		
		<u>1,508.96</u>
Change in net position of governmental activities (A-2)		<u><u>\$2,803,811.93</u></u>

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

OTHER FUNDS

SPOTSWOOD BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2023

	<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>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$34,735.42	\$139,585.14	\$3,558.25	\$177,878.81
Accounts receivable:				
State		616.86		616.86
Federal		12,000.60		12,000.60
Intrafunds		475.00		475.00
Inventories		8,092.04		8,092.04
	<u>34,735.42</u>	<u>160,769.64</u>	<u>3,558.25</u>	<u>199,063.31</u>
Total current assets				
Noncurrent assets:				
Furniture, machinery and equipment		274,210.00		274,210.00
Less accumulated depreciation		(273,962.40)		(273,962.40)
		<u>247.60</u>		<u>247.60</u>
Total noncurrent assets				
	<u>34,735.42</u>	<u>161,017.24</u>	<u>3,558.25</u>	<u>199,310.91</u>
Total assets				
LIABILITIES:				
Current liabilities:				
Intrafunds	475.00			475.00
Unearned revenue	42,060.00	4,346.45		46,406.45
Accounts payable	1,082.35	44,207.70		45,290.05
	<u>43,617.35</u>	<u>48,554.15</u>		<u>92,171.50</u>
Total current liabilities				
	<u>43,617.35</u>	<u>48,554.15</u>		<u>92,171.50</u>
Total liabilities				
NET POSITION:				
Net investment in capital assets		247.60		247.60
Unrestricted (Deficit)	(8,881.93)	112,215.49	3,558.25	106,891.81
	<u>(8,881.93)</u>	<u>112,215.49</u>	<u>3,558.25</u>	<u>106,891.81</u>
Total net position (Deficit)				
	<u><u>(\$8,881.93)</u></u>	<u><u>\$112,463.09</u></u>	<u><u>\$3,558.25</u></u>	<u><u>\$107,139.41</u></u>

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<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>
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs		\$329,265.78		\$329,265.78
Daily sales - non-reimbursable programs		6,286.70		6,286.70
Special Functions		\$3,081.99		3,081.99
Tuition - individuals	\$298,158.94			298,158.94
Total operating revenues	298,158.94	338,634.47		636,793.41
OPERATING EXPENSES:				
Cost of sales - reimbursable		293,605.96		293,605.96
Cost of sales - non-reimbursable		5,375.12		5,375.12
Salaries	280,522.08	212,988.82		493,510.90
Employee benefits	23,237.62	90,989.80		114,227.42
Supplies and materials	12,058.97	487.86		12,546.83
Management Fee		59,154.90		59,154.90
Depreciation		9,063.62		9,063.62
Miscellaneous	15,950.88	14,793.35		30,744.23
Total operating expenses	331,769.55	686,459.43		1,018,228.98
Operating income (loss)	(33,610.61)	(347,824.96)		(381,435.57)
NONOPERATING REVENUES (EXPENSES):				
State Sources				
State School Lunch Program		4,964.12		4,964.12
State School Breakfast Program		3,216.40		3,216.40
Federal Sources:				
National School Lunch Program		156,771.12		156,771.12
National food distribution commodities		52,384.75		52,384.75
Total nonoperating revenues (expenses)		217,336.39		217,336.39
Excess (deficiency) of revenues over (under) expenditures	(33,610.61)	(130,488.57)		(164,099.18)
Net change in fund balances	(33,610.61)	(130,488.57)		(164,099.18)
Total net position - beginning	24,728.68	242,951.66	3,558.25	271,238.59
Total net position - ending (deficit)	(\$8,881.93)	\$112,463.09	\$3,558.25	\$107,139.41

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, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	C.A.R.E.S.	FOOD SERVICE	S.T.E.A.M.	
Cash flows from operating activities:				
Receipts from customers	\$275,838.94	\$332,094.85		\$607,933.79
Payments to employees	(280,522.08)	(212,988.82)		(493,510.90)
Payments to employee benefits	(23,237.62)	(65,713.08)		(88,950.70)
Payments to suppliers	(31,010.96)	(300,776.88)		(331,787.84)
Net cash provided by (used for) operating activities	(58,931.72)	(247,383.93)		(306,315.65)
Cash flows from noncapital financing activities:				
State sources		9,031.86		9,031.86
Federal sources		217,508.30		217,508.30
Net cash provided by noncapital financing activities		226,540.16		226,540.16
Net increase (decrease) in cash and cash equivalents	(58,931.72)	(20,843.77)		(79,775.49)
Cash and cash equivalents, July 1, 2022	93,667.14	160,428.91	3,558.25	257,654.30
Cash and cash equivalents, June 30, 2023	\$34,735.42	\$139,585.14	\$3,558.25	\$177,878.81
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$33,610.61)	(\$347,824.96)		(\$381,435.57)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		9,063.62		9,063.62
Federal commodities		52,384.75		52,384.75
Change in assets and liabilities:				
Increase (decrease) in unearned revenue	(22,320.00)	(6,431.70)		(28,751.70)
Increase (decrease) in accounts payable	(3,001.11)	44,207.70		41,206.59
(Increase) decrease in inventories		1,216.66		1,216.66
	(25,321.11)	100,441.03		75,119.92
Net cash provided by (used for) operating activities	(\$58,931.72)	(\$247,383.93)		(\$306,315.65)

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, 2023

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, 2023

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, 2023

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, 2023

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.

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

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

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

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).

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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.

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.

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, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables 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.

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

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.

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange Transactions (Continued)

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.

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.

Proprietary Funds 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Accounting and Financial Reporting for Pensions

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

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the life of the related lease.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District has implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

Deposits (Continued)

The Spotswood Borough School District had the following cash and cash equivalents at June 30, 2023:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 15,056,463.72
Proprietary Funds	177,878.81
Total Cash in Bank	\$ 15,234,342.53
Less: Reconciling Items	<u>(772,707.87)</u>
	<u>\$ 14,461,634.66</u>

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, 2023, 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 \$15,234,342.53, \$250,000.00 was covered by Federal Depository Insurance, \$14,730,653.68 was covered under the provisions of NJGUDPA and \$253,688.85 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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

Investments (Continued)

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;
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, 2023, the District has \$253,688.85 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, 2023

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$195,905.00		\$195,905.00
Construction in Progress	<u>3,002,875.26</u>	<u>\$514,910.96</u>	<u>3,517,786.22</u>
Total Capital Assets not being depreciated	<u>3,198,780.26</u>	<u>514,910.96</u>	<u>3,713,691.22</u>
Site improvements	3,261,729.00		3,261,729.00
Buildings & Building Improvements	38,450,542.72		38,450,542.72
Machinery & Equipment	<u>3,342,536.82</u>	<u>231,350.11</u>	<u>3,573,886.93</u>
Totals at historical cost	<u>45,054,808.54</u>	<u>231,350.11</u>	<u>45,286,158.65</u>
Gross Assets (Memo only)	<u>48,253,588.80</u>	<u>746,261.07</u>	<u>48,999,849.87</u>
Less: Accumulated Depreciation			
Site improvements	(2,412,786.40)	(92,875.60)	(2,505,662.00)
Buildings & Building Improvements	(20,765,612.58)	(946,538.00)	(21,712,150.58)
Machinery & Equipment	<u>(2,022,886.17)</u>	<u>(312,433.61)</u>	<u>(2,335,319.78)</u>
Total Depreciation	<u>(25,201,285.15)</u>	<u>(1,351,847.21)</u>	<u>(26,553,132.36)</u>
Total capital assets being depreciated, net of depreciation	<u>19,853,523.39</u>	<u>(1,120,497.10)</u>	<u>18,733,026.29</u>
Total Governmental Fund Activities	<u>\$23,052,303.65</u>	<u>(\$605,586.14)</u>	<u>\$22,446,717.51</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 3: CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Proprietary Activities:			
Machinery & Equipment	\$274,210.00	_____	\$274,210.00
Totals at Historical Cost	<u>274,210.00</u>	_____	<u>274,210.00</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(264,898.78)</u>	<u>\$(9,063.62)</u>	<u>(273,962.40)</u>
Total Depreciation	<u>(264,898.78)</u>	<u>(9,063.62)</u>	<u>(273,962.40)</u>
Total Proprietary Fund Activities	<u>\$9,311.22</u>	<u>\$(9,063.62)</u>	<u>\$247.60</u>

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

Instruction	\$739,316.43
Support services:	
Student & Instruction Related Services	248,663.63
General Administration	20,884.10
School Administration	53,100.83
Central Service/Adm Tech	38,817.78
Plant Operations & Maintenance	134,596.44
Pupil transportation	<u>116,468.00</u>
	<u>\$1,351,847.21</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2023:

	Balance June 30, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2023</u>	Amounts Due Within <u>One Year</u>
Bonds Payable	\$9,288,000.00		\$1,160,000.00	\$8,128,000.00	\$1,185,000.00
Unamortized Bond Premium	70,508.00		23,502.00	47,006.00	23,502.00
Compensated Absences	801,888.97		1,508.96	800,380.01	
Net Pension Liability	<u>4,036,109.00</u>	<u>\$1,009,999.00</u>		<u>5,046,108.00</u>	
	<u>\$14,196,505.97</u>	<u>\$1,009,999.00</u>	<u>\$1,185,010.96</u>	<u>\$14,021,494.01</u>	<u>\$1,208,502.00</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
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>\$8,128,000.00</u>	<u>\$1,335,046.94</u>	<u>\$9,463,046.94</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2023</u>
\$7,135,000.00 in Refunding School Bonds dated May 16, 2007, due in one remaining installments of \$675,000.00 on January 15, 2024 with interest of 4.25%	\$675,000.00
\$2,630,000.00 in School Energy Savings Obligation Refunding Bonds dated April 24, 2012 due in remaining annual installment of ranging between \$210,000.00 and \$265,000.00 due beginning April 1, 2024 and ending April 1, 2027 with interest of 3.75%	950,000.00
\$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, 2023 and ending September 1, 2035 with interest from 2.00% to 3.00%	<u>6,503,000.00</u>
	<u><u>\$8,128,000.00</u></u>

Bonds Authorized But Not Issued

As of June 30, 2023, 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, 2023

NOTE 5: PENSION PLANS

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

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

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

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2023

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>
2023	\$421,657.00	100%	-0-
2022	\$399,000.00	100%	-0-
2021	\$373,919.00	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>
2023	\$4,261,041.00	100%	-0-
2022	\$4,230,258.00	100%	-0-
2021	\$3,157,740.00	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, 2023, 2022, and 2021 \$903,554.69, \$890,757.79, and \$845,545.34 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, 2023

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

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$5,046,108.00 for the District's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0334370296 percent, which was a decrease of 0.0006330304 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$344,017.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS 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	\$ 36,420.00	\$ 32,118.00
Changes of assumptions	15,634.00	755,602.00
Net difference between projected and actual earnings on pension plan investments	208,854.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	146,243.00	145,202.00
District contributions subsequent to the measurement date	<u>449,867.00</u>	<u> </u>
	<u>\$ 857,018.00</u>	<u>\$ 932,922.00</u>

The \$449,867.00 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, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	(\$432,641.80)
2024	(220,314.80)
2025	(107,336.80)
2026	234,830.20
2027	(307.80)
	<u>(\$525,771.00)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. These actuarial valuations used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	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, 2023

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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of 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%	June 30, 2022 At Current Discount Rate	1%
	Decrease		Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$6,482,771.00	\$5,046,108.00	\$3,823,450.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 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, 2023

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, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	53,018,188.00
	\$53,018,188.00

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 which was rolled forward to June 30, 2022. 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, 2022, the proportion of the TPAF net pension liability associated with the District was .1027595471% which was a decrease of .0058703472 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$1,426,868.00 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, 2022 measurement date.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.19%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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 7.00% as of June 30, 2022. 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 100% 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 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 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, 2023

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	213,148
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u> - 0 -</u>
Total Plan Members	<u>364,817</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	53,549,077
	53,549,077
	\$53,549,077

The total Non-Employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$1,732,079.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .1057311288 percent, which was a decrease of .0003584814 from its proportion measured as of June 30, 2022.

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, 2023

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, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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>TPAF/ABP</u>	<u>June 30, 2022</u> <u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2023

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, 2021 to June 30, 2022.

Balance at 6/30/21		\$63,661,883
Changes for the year:		
Service cost	\$2,935,203	
Interest	1,419,110	
Changes of Benefit Terms		
Differences between expected and actual experience	1,258,476	
Changes in assumptions or other inputs	(14,365,020)	
Membership Contributions	45,095	
Benefit payments - Net	<u>(1,405,670)</u>	
Net changes		<u>(10,112,806)</u>
Balance at 6/30/22		<u><u>\$53,549,077</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, 2022, 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, 2022		
	1.00% Decrease (2.54%)	At Discount Rate (3.54%)	1.00% Increase (4.54%)
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$62,941,307	\$53,549,077	\$46,021,674

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2022, 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:

	June 30, 2022		
	<u>1.00%</u> <u>Decrease</u>	<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	\$44,261,585	\$53,549,077	\$65,748,761

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

At June 30, 2022, 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	\$ 9,560,634	\$	16,349,152
Changes of assumptions	9,267,990		18,225,180
Changes in proportion	1,750,482		1,937,325
	\$ 20,579,106	\$	36,511,657

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	<u>Amount</u>
<u>June 30,</u>	
2023	(\$2,698,782)
2024	(\$2,698,782)
2025	(\$2,698,782)
2026	(\$2,337,497)
2027	(\$1,352,613)
Total Thereafter	<u>(\$4,146,097)</u>
	<u><u>(\$15,932,551)</u></u>

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, 2023

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 2022-2023 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 06/30/23	
				State Unemployment Insurance Payable	Restricted Fund Balance
2023	\$29,604.60	\$44,057.11	\$259,541.20	\$19,725.86	\$239,815.34
2022	30,260.55	-0-	273,993.71	34,178.37	239,815.34
2021	27,386.54	23,468.72	243,733.16	3,917.82	239,815.34

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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, 2023, a liability existed for compensated absences for governmental fund-types in the district- wide statement of net position of \$800,380.01.

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, 2023 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	\$ 3,230,035.48		\$ 3,230,035.48
Current Year	2,000,000.00	(616,266.00)	1,383,734.00
Maintenance Reserve	3,138,557.79		3,138,557.79
Capital Reserve	3,650,739.85		3,650,739.85
Emergency Reserve	150,000.00		150,000.00
State Unemployment Insurance	239,815.34		239,815.34
Assigned:			
Designated for Subsequent			
Year's Expenditures	823,505.52		823,505.52
Encumbrances	1,005,985.06		1,005,985.06
Unassigned	878,369.47		878,369.47
	<u>\$ 15,117,008.51</u>	<u>\$ (616,266.00)</u>	<u>\$ 14,500,742.51</u>

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

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 2023		\$34,768,243.02
Increased by:		
Transfer from Capital Outlay to Capital Projects		\$34,768,243.02
Less:		
Reimb. TPAF Social Security Contributions	\$1,134,895.00	
Reimb. TPAF Pension Contributions	5,225,274.69	
		6,360,169.69
Adjusted General Fund Expenditures		\$28,408,073.33
Excess Surplus Percentage		2.00%
		\$568,161.47
Increased by:		
Extraordinary Aid (unbudgeted)	\$179,818.00	
Supplemental Stabilization Aid	109,486.00	
Non-Public Transportation Aid (unbudgeted)	20,904.00	
		310,208.00
Maximum Unassigned General Fund Balance		\$878,369.47
Actual Unassigned General Fund Balance		2,878,369.47
Excess Surplus		\$2,000,000.00
Recapitulation of Excess Surplus, June 30, 2023:		
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditure		\$3,230,035.48
Restricted for Excess Surplus		2,000,000.00
		\$5,230,035.48

Based on the preceding calculation, as of June 30, 2023, \$2,000,000.00 is reported as Restricted Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2024-25 budget. \$3,230,035.45 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 2023-24 budget.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Balance</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 333,955.59	\$
Special Revenue Fund	_____	333,955.59
	\$ 333,955.59	\$ 333,955.59

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

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Spotswood Borough Board of Education in prior years for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 15: CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance, July 1, 2022	\$	3,218,004.74
Interest Earnings		4,439.92
Deposits:		
Board Resolution dated 06/13/23	\$	<u>428,295.19</u>
		<u>428,295.19</u>
Balance, June 30, 2023	\$	<u><u>3,650,739.85</u></u>

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.

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 16: MAINTENANCE RESERVE ACCOUNT (Continued)

At June 30, 2023, the balance of the Maintenance Reserve Account was \$3,138,557.79 and is within the statutory limitations.

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Balance, July 1, 2022	\$	3,301,528.36
Interest Earnings		3,734.23
Deposits:		
Board Resolution dated 06/13/23	\$	<u>428,295.20</u>
		<u>428,295.20</u>
		3,733,557.79
Withdrawals:		
Budgeted Withdrawal		<u>595,000.00</u>
		<u>595,000.00</u>
Balance, June 30, 2023	\$	<u><u>3,138,557.79</u></u>

NOTE 17: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

Balance, July 1, 2022 and		
June 30, 2023	\$	<u>150,000.00</u>

The account balance is not to exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000, whichever is greater. Withdrawals require approval by the Commissioner.

NOTE 18: INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food and Supplies	<u>\$8,092.04</u>
-------------------	-------------------

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

Spotswood Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2023

NOTE 19: 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 \$500,627.90. 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 FY2023.

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, 2023 the District realized \$237,798.25 in revenue under the terms of these agreements

NOTE 20: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through January 10, 2024 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed, except as follows:

On September 26, 2023 District voters approved a \$12,655,000.00 referendum for various school improvements.

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,491,986.00	\$	\$ 17,491,986.00	\$ 17,491,986.00	\$
Tuition from Individuals	195,000.00		195,000.00	335,144.10	140,144.10
Tuition from Other LEAs Within State	5,088,777.00		5,088,777.00	5,088,777.00	
Unrestricted Miscellaneous Revenues	70,000.00		70,000.00	322,094.87	252,094.87
Interest Earned on Maintenance Reserve	100.00		100.00		(100.00)
Interest Earned on Capital Reserve Funds	100.00		100.00		(100.00)
Total Local Sources	22,845,963.00		22,845,963.00	23,238,001.97	392,038.97
Intermediate Sources:					
PILOT Payment to School District	210,000.00		210,000.00	237,798.25	27,798.25
Total Intermediate Sources	210,000.00		210,000.00	237,798.25	27,798.25
State Sources:					
Categorical Transportation Aid	236,772.00		236,772.00	236,772.00	
Extraordinary Aid	200,000.00		200,000.00	379,818.00	179,818.00
Categorical Special Education Aid	1,091,854.00		1,091,854.00	1,091,854.00	
Equalization Aid	4,794,342.00		4,794,342.00	4,794,342.00	
Categorical Security Aid	160,684.00		160,684.00	160,684.00	
Other State Aids	130,390.00		130,390.00	130,390.00	
On-behalf TPAF Contributions-non-budgeted	4,261,041.00		4,261,041.00	4,261,041.00	
On-behalf TPAF N.C.G.I.-non-budgeted	59,117.00		59,117.00	59,117.00	
Reimbursed TPAF Soc. Sec.Contribution-non-budgeted	903,554.69		903,554.69	903,554.69	
Post Retirement Medical-non budgeted	1,134,895.00		1,134,895.00	1,134,895.00	
Long Term Disability Insurance	1,562.00		1,562.00	1,562.00	
Total State Sources	6,483,652.00		6,483,652.00	13,154,029.69	6,670,377.69
Federal Sources:					
Medicaid Reimbursement	37,097.00		37,097.00	61,836.44	24,739.44
Total Federal Sources	37,097.00		37,097.00	61,836.44	24,739.44
Total Revenues	29,576,712.00		29,576,712.00	36,691,666.35	7,114,954.35
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Preschool	322,554.00		322,554.00	319,454.00	3,100.00
Kindergarten	351,784.00	120,160.00	471,944.00	456,890.49	15,053.51
Grades 1-5	2,060,709.00	(152,637.00)	1,908,072.00	1,867,063.51	41,008.49
Grades 6-8	1,859,932.00	19,200.00	1,879,132.00	1,834,334.82	44,797.18
Grades 9-12	4,268,592.00	(115,200.00)	4,153,392.00	3,974,698.85	178,693.15
Regular programs - home instruction:					
Salaries of teachers	30,000.00		30,000.00	14,777.50	15,222.50
Purchased professional educational services	20,000.00	18,000.00	38,000.00	17,496.00	20,504.00

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 700,550.00	\$ (97,974.98)	\$ 602,575.02	\$ 511,905.75	\$ 90,669.27
Purchased professional - educational services	100,000.00	70,474.98	170,474.98	170,474.98	
Other purchased services (400 - 500 series)	30,675.00	1,900.00	32,575.00	23,985.51	8,589.49
General supplies	606,102.78	(188,469.92)	437,632.86	315,265.50	122,367.36
Textbooks	22,250.00	6,841.94	29,091.94	7,292.41	21,799.53
Other objects	17,600.00	3,374.85	20,974.85	3,471.09	17,503.76
Total regular programs	10,390,748.78	(294,330.13)	10,096,418.65	9,517,110.41	579,308.24
Instruction - Special Education:					
Behavioral Disabilities:					
Salaries of Teachers		9,700.00	9,700.00	7,361.76	2,338.24
Total Behavioral Disabilities		9,700.00	9,700.00	7,361.76	2,338.24
Resource Room / Resource Center:					
Salaries of Teachers	1,446,661.00	(26,825.00)	1,419,836.00	1,376,115.19	43,720.81
Other salaries for instruction	334,647.00	77,500.00	412,147.00	286,517.98	125,629.02
General Supplies	8,709.71	(2,955.79)	5,753.92	4,559.59	1,194.33
Textbooks	1,720.00	(870.38)	849.62	196.02	653.60
Total Resource Room / Resource Center	1,791,737.71	46,848.83	1,838,586.54	1,667,388.78	171,197.76
Autism:					
Salaries of Teachers	109,445.00	18,525.00	127,970.00	127,275.17	694.83
Other Salaries for Instruction	59,489.00	(3,000.00)	56,489.00	49,374.55	7,114.45
Total Autism	168,934.00	15,525.00	184,459.00	176,649.72	7,809.28
Preschool Disabilities - Full - Time:					
Salaries of Teachers	91,376.00		91,376.00	90,200.00	1,176.00
Other Salaries for Instruction	38,721.00		38,721.00	31,214.72	7,506.28
Total Preschool Disabilities - Full - Time	130,097.00		130,097.00	121,414.72	8,682.28
Total Special Education	2,090,768.71	72,073.83	2,162,842.54	1,972,814.98	190,027.56
Basic Skills / Remedial:					
Salaries of Teachers	65,399.00	(20,000.00)	45,399.00	39,015.14	6,383.86
General Supplies	3,150.00	(2,677.50)	472.50	472.50	
Total Basic Skills / Remedial	68,549.00	(22,677.50)	45,871.50	39,015.14	6,856.36
Bilingual Education Instruction:					
Salaries of Teachers	77,902.00	67,577.00	145,479.00	145,478.00	1.00
Total Bilingual Education Instruction	77,902.00	67,577.00	145,479.00	145,478.00	1.00
School Sponsored Co-Curricular Activities:					
Salaries	185,850.00	525.00	186,375.00	153,742.07	32,632.93
Supplies and Materials	10,406.00	(340.00)	10,066.00	5,810.03	4,255.97
Other Objects	2,325.00	(525.00)	1,800.00	525.00	1,275.00
Total School Sponsored Co-Curricular Activities	198,581.00	(340.00)	198,241.00	160,077.10	38,163.90

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
School Sponsored Athletics:					
Salaries	\$ 307,912.00	\$ (11,499.85)	\$ 296,412.15	\$ 271,115.95	\$ 25,296.20
Purchased Services (300-500 Series)	100,397.80	(3,000.00)	97,397.80	63,388.12	34,009.68
Supplies and Materials	45,333.78	34,000.00	79,333.78	65,215.63	14,118.15
Other Objects	20,000.00		20,000.00	15,366.00	4,634.00
Total School Sponsored Athletics	473,643.58	19,500.15	493,143.73	415,085.70	78,058.03
Total Other Instructional Programs	818,675.58	64,059.65	882,735.23	759,655.94	123,079.29
Total - Instruction	13,300,193.07	(158,196.65)	13,141,996.42	12,249,581.33	892,415.09
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Special	593,421.00	(593,421.00)			
Tuition to CSSD & Regional Day Schools	430,421.00	430,421.00	430,421.00	277,621.18	152,799.82
Tuition to Private Schools for the Handicapped w/in State	1,065,260.00	(374,000.00)	691,260.00	572,426.34	118,833.66
Total Undistributed Expenditures - Instruction	1,658,681.00	(537,000.00)	1,121,681.00	850,047.52	271,633.48
Attendance and Social Work Services:					
Salaries	64,089.00		64,089.00	62,584.87	1,504.13
Total Attendance and Social Work Services	64,089.00		64,089.00	62,584.87	1,504.13
Health Services:					
Salaries	317,878.00		317,878.00	295,652.93	22,225.07
Purchased Professional and Technical Services	285,300.00	92,000.00	377,300.00	248,231.38	129,068.62
Supplies and Materials	3,464.00	11,023.36	14,487.36	14,169.89	317.47
Total Health Services	606,642.00	103,023.36	709,665.36	558,054.20	151,611.16
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	456,929.00	13,950.00	470,879.00	464,977.35	5,901.65
Purchased Professional - Educational Services	266,632.00	90,000.00	356,632.00	232,136.20	124,495.80
Supplies and Materials	5,850.00	(4,803.35)	1,046.65	199.00	847.65
Total Other Support Services - Speech, OT, PT & Related Services	729,411.00	99,146.65	828,557.65	697,312.55	131,245.10
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	359,290.00	1,000.00	360,290.00	350,294.80	9,995.20
Total Other Support Services - Students - Extra Services	359,290.00	1,000.00	360,290.00	350,294.80	9,995.20
Guidance:					
Salaries of Other Professional Staff	451,302.00	17,050.00	468,352.00	459,179.86	9,172.14
Salaries of Secretarial and Clerical Assistants	66,016.00		66,016.00	66,015.97	0.03
Purchased Professional - Educational Services	46,753.00		46,753.00	30,710.75	16,042.25
Other Purchased Professional and Tech Services	50.00		50.00	25.00	25.00
Total Guidance	564,121.00	17,050.00	581,171.00	555,931.58	25,239.42

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Child Study Teams:					
Salaries of Other Professional Staff	\$ 596,241.00	\$	\$ 596,241.00	\$ 587,653.52	\$ 8,587.48
Salaries of Secretarial and Clerical Assistants	117,885.00	(5,500.00)	112,385.00	100,694.70	11,690.30
Purchased Professional Educational Services	15,000.00		15,000.00	3,979.42	11,020.58
Other Purchased Professional and Technical Svcses.	20,000.00	(3,500.00)	16,500.00	15,559.82	940.18
Other Purchased Services (400-500 series)	15,000.00		15,000.00	11,529.44	3,470.56
Supplies and Materials	14,220.00	5,500.00	19,720.00	15,808.10	3,911.90
Other Objects	5,000.00		5,000.00	639.00	4,361.00
Total Child Study Teams	<u>783,346.00</u>	<u>(3,500.00)</u>	<u>779,846.00</u>	<u>735,864.00</u>	<u>43,982.00</u>
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	164,025.00	(2,526.15)	161,498.85	143,676.99	17,821.86
Salaries of Secretarial and Clerical Assits.	33,137.00	14,026.00	47,163.00	43,383.98	3,779.02
Other Salaries	20,000.00		20,000.00	17,915.00	2,085.00
Purchased Prof. and Tech. Services	8,000.00	1,700.00	9,700.00	9,320.50	379.50
Other Purchased Services (400-500)	5,500.00		5,500.00	5,500.00	5,500.00
Supplies and materials	10,800.00	(1,700.00)	9,100.00	4,678.21	4,421.79
Other Objects	13,500.00		13,500.00	7,808.00	5,692.00
Total Improvement of Instruction Services /					
Other Support Services - Instructional Staff	<u>254,962.00</u>	<u>11,499.85</u>	<u>266,461.85</u>	<u>226,782.68</u>	<u>39,679.17</u>
Educational Media Services / School Library:					
Salaries	43,762.00		43,762.00	28,719.32	15,042.68
Supplies and materials	1,140.00	(969.00)	171.00	171.00	171.00
Total Educational Media Services / School Library	<u>44,902.00</u>	<u>(969.00)</u>	<u>43,933.00</u>	<u>28,719.32</u>	<u>15,213.68</u>
Instructional Staff Training Services:					
Other Salaries	1,500.00		1,500.00	1,500.00	1,500.00
Other Purchased Services (400- 500)	33,156.54		33,156.54	16,440.34	16,716.20
Supplies and materials	36,373.50	(27,800.00)	8,573.50	8,260.50	313.00
Other Objects	4,000.00		4,000.00	4,000.00	4,000.00
Total Instructional Staff Training Services	<u>75,030.04</u>	<u>(27,800.00)</u>	<u>47,230.04</u>	<u>24,700.84</u>	<u>22,529.20</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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services General Administration:					
Salaries	\$ 251,246.00	\$ 7,000.00	\$ 258,246.00	\$ 257,315.16	\$ 930.84
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	875.00		875.00		875.00
Legal Services	40,000.00		40,000.00	32,512.57	7,487.43
Expenditure and Internal Control Audit Fees	54,000.00	590.00	54,590.00	53,000.00	1,590.00
Communications / Telephone	25,000.00	(5,100.00)	19,900.00	11,047.00	8,853.00
Board Travel Expense	4,700.00	(4,250.00)	450.00	99.00	351.00
Miscellaneous Expenditures		4,250.00	4,250.00	1,272.00	2,978.00
General Supplies	6,720.00	8,825.00	15,545.00	14,774.21	770.79
Miscellaneous Expenditures	10,250.00	140.00	10,390.00	5,835.29	4,554.71
BOE Membership Dues and Fees	16,500.00	(4,000.00)	12,500.00	11,429.45	1,070.55
Total Support Services General Administration	414,541.00	7,455.00	421,996.00	392,534.68	29,461.32
Support Services School Administration:					
Salaries of Principals / Asst. Principals	656,137.00	(650.00)	655,487.00	635,524.72	19,962.28
Salaries of Other Professionals	165,000.00		165,000.00	150,988.16	14,011.84
Salaries of Secretarial and Clerical Assistants	289,358.00	660.00	270,018.00	269,622.20	395.80
Other Purchased Services(400-500 series)	74,760.00	(2,010.00)	72,750.00	47,476.67	25,273.33
Supplies and Materials	13,659.00	(964.79)	12,694.21	9,912.62	2,781.59
Other Objects	8,000.00		8,000.00	5,588.00	2,412.00
Total Support Services School Administration	1,186,914.00	(2,964.79)	1,183,949.21	1,119,112.37	64,836.84
Central Service:					
Salaries	369,385.00		369,385.00	350,751.16	18,633.84
Unused Vacation Payment to Terminated/Retired Staff	2,625.00		2,625.00		2,625.00
Purchased Professional Services	34,150.00	16,500.00	50,650.00	44,738.13	5,911.87
Other Purchase Professional Service	128,740.00		128,740.00	127,902.50	837.50
Misc. Purch Services (400-500)	3,500.00		3,500.00	2,123.69	1,376.31
Supplies and Materials	30,226.18	(1,284.45)	28,941.73	14,303.28	14,638.45
Miscellaneous Expenditures	3,500.00		3,500.00	1,850.00	1,650.00
Total Central Service	572,126.18	15,215.55	587,341.73	541,668.76	45,672.97
Administrative Information Technology:					
Salaries	203,250.00		215,500.00	213,857.45	1,642.55
Unused Vacation Payment to Terminated/Retired Staff	2,625.00		2,625.00		2,625.00
Purchased Technical Services	42,000.00		42,000.00	36,138.88	5,861.12
Other Purchased Services	5,740.00	(1,500.00)	4,240.00	1,005.00	3,235.00
Other objects	60,400.00	(10,750.00)	49,650.00	47,650.00	2,000.00
Total Administrative Information Technology	314,015.00		314,015.00	298,651.33	15,363.67

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Required Maintenance for School Facilities:					
Salaries	239,739.00	\$ 46,245.10	\$ 239,739.00	\$ 225,580.86	\$ 14,158.14
Cleaning, Repair and Maintenance Services	730,572.93	(5,595.92)	776,818.03	446,825.72	329,992.31
General Supplies	131,789.48	20,000.00	126,193.56	66,951.79	59,241.77
Other Objects	35,000.00	60,649.18	55,000.00	44,033.10	10,966.90
Total Required Maintenance for School Facilities	1,137,101.41		1,197,750.59	783,391.47	414,359.12
Custodial Services:					
Salaries	1,108,145.00	5,500.00	1,113,645.00	1,042,590.54	71,054.46
Salaries of Non-Instructional Aides	111,444.00	(500.00)	110,944.00	78,379.55	32,564.45
Purchased Professional and Technical Services	26,000.00	5,000.00	26,000.00	23,377.82	2,622.18
Other Purchased Property Services	24,500.00	(195,402.20)	29,500.00	27,836.55	1,663.45
General Supplies	195,402.20	27,000.00	132,350.00	(0.00)	0.00
Energy (Natural Gas)	105,350.00	(38,597.80)	408,402.20	380,923.80	10,808.61
Energy (Heat and Electricity)	447,000.00	250.00	447,250.00	1,250.00	27,478.40
Other Objects	1,000.00		42,938.00	42,937.50	0.50
Interest - Energy Savings Impr Prog Bonds	42,938.00		42,938.00	42,937.50	0.50
Total Custodial Services	2,061,779.20	(196,750.00)	1,865,029.20	1,718,837.15	146,192.05
Care and Upkeep of Grounds:					
Salaries	182,145.00	17,750.00	182,145.00	143,099.09	39,045.91
Cleaning, Repair And Maintenance	70,352.00	7,842.00	88,102.00	58,623.76	29,478.24
General Supplies	42,120.90	25,592.00	49,962.90	30,947.37	19,015.53
Total Care and Upkeep of Grounds	294,617.90		320,209.90	232,670.22	87,539.68
Security:					
Salaries	183,164.00	177,500.03	360,664.03	330,644.05	30,019.98
Purchased Professional and Technical Services	70,000.00	(60,000.00)	10,000.00	10,000.00	10,000.00
General Supplies	3,180.00	18,000.00	21,180.00	6,011.08	15,168.92
Total Security	256,344.00	135,500.03	391,844.03	336,655.13	55,188.90
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	42,357.00		42,357.00	41,975.60	381.40
Salaries for Pupil Transportation (Between Home and School) - Special	160,077.00	70,000.00	230,077.00	223,273.08	6,803.92
Salaries (Other than H & S)	60,000.00	15,000.00	75,000.00	74,911.59	88.41
Cleaning, Repair and Maintenance Services	50,087.40	25,000.00	75,087.40	58,595.23	16,492.17
Contracted Services - Aid in Lieu Payments-NonPub Sch	66,500.00	2,500.00	69,000.00	61,484.02	7,515.98
Contracted Services (Between Home & School) - Vendors	165,000.00	20,000.00	185,000.00	115,909.68	69,090.32
Contracted Services (Other than Between Home and School) - Vendors	72,000.00	5,000.00	77,000.00	56,389.49	20,610.51
Contract Services (Sp. Ed. Stds.) - Vendors	600,000.00	130,000.00	730,000.00	693,657.86	36,342.14
General Supplies	13,000.00		13,000.00	11,451.50	1,548.50
Total Student Transportation Services	1,229,021.40	267,500.00	1,496,521.40	1,337,648.05	158,873.35

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Unallocated Benefits - Employee Benefits:					
Group Insurance	\$ 256,800.00	\$	\$ 256,800.00	\$ 232,223.07	\$ 24,576.93
Social Security Contributions	396,980.38	67,500.00	464,480.38	434,626.57	29,853.81
T.P.A.F. Contributions - ERIP	4,200.00		4,200.00	1,978.80	2,221.20
Other Retirement Contributions - PERS	450,000.00	12,500.00	462,500.00	462,445.76	54.24
Workmen's Compensation	240,000.00	(48,000.00)	192,000.00	180,903.46	11,096.54
Health Benefits	3,731,502.00	(52,000.00)	3,679,502.00	3,459,276.85	220,225.15
Tuition Reimbursements	55,000.00	(12,500.00)	42,500.00	29,780.00	12,720.00
Total Unallocated Benefits - Employee Benefits	5,134,482.38	(32,500.00)	5,101,982.38	4,801,234.51	300,747.87
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				4,261,041.00	(4,261,041.00)
NCGI-non-budgeted				59,117.00	(59,117.00)
Post Retirement Medical-non budgeted				1,134,895.00	(1,134,895.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				903,554.69	(903,554.69)
Long Term Disability Insurance				1,562.00	(1,562.00)
Total TPAF Pension/Social Security				6,360,169.69	(6,360,169.69)
Total Undistributed Expenditures	17,741,416.51	(57,852.17)	17,683,564.34	22,012,865.72	(4,329,301.38)
General Current Expense:					
Interest Earned on Maintenance Reserve	100.00		100.00		100.00
Total General Current Expense	100.00		100.00		100.00
TOTAL EXPENDITURES - CURRENT EXPENSE	31,041,709.58	(216,048.82)	30,825,660.76	34,262,447.05	(3,436,786.29)
CAPITAL OUTLAY:					
Equipment:					
Preschool Equipment				18,167.19	
Kindergarten	18,167.19		18,167.19		
Grades 1-5	25,200.00		25,200.00		
Grades 9-12 - Equipment	53,311.00		53,311.00		
Undistributed-Req. Maint. For Schools	409,074.32	(62,451.18)	346,623.14	102,512.57	713.59
Undist.Expend.-Student Trans.-Non-Inst. Equip.	32,872.80	278,500.00	311,372.80	32,872.80	244,110.57
Total Equipment	538,625.31	216,048.82	754,674.13	231,349.97	278,500.00
Facilities Acquisition and Construction Services:					
Lease purchase agreements - principal	195,000.00		195,000.00		
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	247,518.40		247,518.40	242,744.00	4,774.40

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, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Interest Deposit to Capital Reserve	\$ 100.00	\$	\$ 100.00	\$	\$ 100.00
TOTAL CAPITAL OUTLAY	786,243.71	216,048.82	1,002,292.53	474,093.97	528,198.56
Transfer of funds to charter schools	55,984.00		55,984.00	31,702.00	24,282.00
TOTAL EXPENDITURES	31,883,937.29	\$	\$ 31,883,937.29	\$ 34,768,243.02	(2,884,305.73)
Excess (deficiency) of revenues over (under) expenditures	\$ (2,307,225.29)	\$	\$ (2,307,225.29)	\$ 1,923,423.33	\$ 4,230,648.62
Capital Outlay - Transfer to Capital Projects	(2,307,225.29)		(2,307,225.29)	1,923,423.33	4,230,648.62
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	13,193,585.18		13,193,585.18	13,193,585.18	
Fund balances, July 1	10,886,359.89	\$	\$ 10,886,359.89	\$ 15,117,008.51	\$ 4,230,648.62
Fund balances, June 30					
Recapitulation:	\$		\$		
Assigned - year-end encumbrances	1,005,985.06		1,005,985.06		
Restricted - excess surplus - current year	2,000,000.00		2,000,000.00		
Restricted - excess surplus - designated for subsequent year's expenditures	3,230,035.48		3,230,035.48		
Restricted - capital reserve	3,650,739.85		3,650,739.85		
Restricted - maintenance reserve	3,138,557.79		3,138,557.79		
Restricted - State Unemployment Insurance	239,815.34		239,815.34		
Restricted - emergency reserve	150,000.00		150,000.00		
Unassigned fund balance	878,369.47		878,369.47		
Assigned - designated for subsequent years expenditures	823,505.52		823,505.52		
Reconciliation to governmental funds statements (GAAP):	\$		\$	15,117,008.51	\$
Prior Year aid payment not recognized on GAAP basis			(616,286.00)		
Fund balance per governmental funds (GAAP):	\$		\$	14,500,742.51	\$

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS/</u> <u>AMENDMENTS</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$ 126,633.00	\$ 11,093.32	\$ 137,726.32	\$ 114,115.46	\$ (23,610.86)
Federal sources	657,118.00	924,568.16	1,581,686.16	1,434,542.05	(147,144.11)
Other sources	<u> </u>	<u>765,334.33</u>	<u>765,334.33</u>	<u>503,853.84</u>	<u>(261,480.49)</u>
Total revenues	<u>783,751.00</u>	<u>1,700,995.81</u>	<u>2,484,746.81</u>	<u>2,052,511.35</u>	<u>(432,235.46)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	104,099.00	190,973.13	295,072.13	241,595.41	53,476.72
Tuition	305,339.00	118,585.20	423,924.20	421,258.00	2,666.20
Supplies and materials	63,991.00	232,049.65	296,040.65	260,829.77	35,210.88
Textbooks	8,283.00	2,937.27	11,220.27	11,164.00	56.27
Other Objects	<u>5,000.00</u>	<u>16,049.63</u>	<u>21,049.63</u>	<u>5,324.82</u>	<u>15,724.81</u>
Total instruction	<u>486,712.00</u>	<u>560,594.88</u>	<u>1,047,306.88</u>	<u>940,172.00</u>	<u>107,134.88</u>
Support services:					
Other salaries	20,000.00	100,166.46	120,166.46	114,797.86	5,368.60
Personal services - employee benefits	49,273.00	86,390.11	135,663.11	131,976.57	3,686.54
Purchased professional - technical services	133,566.00	210,026.19	343,592.19	295,857.08	47,735.11
Purchased professional - educational services	94,200.00	(10,366.00)	83,834.00	66,854.00	16,980.00
Other purchased services		18,786.60	18,786.60		18,786.60
Supplies and materials		12,363.07	12,363.07	9,847.87	2,515.20
Miscellaneous expenditures	<u> </u>	<u>711,031.53</u>	<u>711,031.53</u>	<u>445,525.24</u>	<u>265,506.29</u>
Total support services	<u>297,039.00</u>	<u>1,128,397.96</u>	<u>1,425,436.96</u>	<u>1,064,858.62</u>	<u>360,578.34</u>
Facilities acquisition and construction services:					
Non-Instructional equipment	<u> </u>	<u>12,002.97</u>	<u>12,002.97</u>	<u> </u>	<u>12,002.97</u>
Total facilities acquisition and construction serv.	<u> </u>	<u>12,002.97</u>	<u>12,002.97</u>	<u> </u>	<u>12,002.97</u>
Total expenditures	<u>783,751.00</u>	<u>1,700,995.81</u>	<u>2,484,746.81</u>	<u>2,005,030.62</u>	<u>479,716.19</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ 47,480.73	\$ <u>(47,480.73)</u>
Fund Balance, July 1				\$ <u>216,467.56</u>	
Fund Balance, June 30				\$ <u>263,948.29</u>	
Analysis of Balance:					
Student Activities				\$ <u>263,948.29</u>	

SPOTSWOOD BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$36,691,666.35	\$2,052,511.35
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		(447,213.30)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(616,266.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	624,601.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$36,700,001.35</u>	<u>\$1,605,298.05</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$34,768,243.02	\$2,005,030.62
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.		(447,213.30)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$34,768,243.02</u>	<u>\$1,557,817.32</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, 2022	Measurement Date Ending June 30, 2021	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)	0.0334370296%	0.0340700600%	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)	\$5,046,108	\$4,036,109	\$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	2,458,039	2,536,034	2,510,471	2,422,125	2,294,301	2,293,443	2,309,179	2,362,225	2,373,474	2,445,731
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	205.29%	159.15%	222.03%	249.06%	274.24%	338.01%	422.35%	322.65%	268.41%	278.97%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	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	421,657	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	421,657	399,000	373,919	325,657	317,857	308,505	294,008	292,545	291,904
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	2,458,039	2,458,039	2,510,471	2,510,471	2,422,125	2,284,301	2,293,443	2,309,179	2,362,225	2,373,474
Contributions as a percentage of covered-employee payroll	16.23%	17.15%	15.89%	14.89%	13.45%	13.85%	13.45%	12.73%	12.38%	12.30%

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, 2022	Measurement Date Ending June 30, 2021	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)	0.1027595471%	0.1086298943%	0.1079075108%	0.1090064896%	0.1132251721%	0.1149503343%	0.1176426542%	0.1211303487%	0.1158256523%	0.1169258029%
State's proportionate share of the net pension liability (asset) associated with the District	\$53,018,188	\$52,224,027	\$71,055,797	\$66,898,312	\$72,031,422	\$77,503,660	\$92,545,202	\$76,559,553	\$61,905,138	\$590,933,841
District's covered-employee payroll	12,290,429	12,284,813	11,787,092	11,710,344	10,942,862	11,390,798	11,847,386	11,596,331	11,813,804	10,921,457
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%	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	431.38%	425.11%	602.83%	571.28%	658.25%	680.41%	781.14%	660.20%	524.01%	5410.76%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

SPOTSWOOD BOROUGH SCHOOL DISTRICT
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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>
2022	7.00%	7.00%	07/01/18-06-30-21
2021	7.00%	7.00%	07/01/14-06/30/18
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>
2022	7.00%	7.00%	07/01/18-06-30-21
2021	5.40%	7.00%	07/01/15-06/30/18
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,				
	2022	2021	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	\$63,661,883	\$74,147,775	\$45,092,959	\$48,203,249	\$56,276,415
Changes for the year:					
Service cost	2,935,203	3,537,616	1,962,870	1,775,487	2,060,387
Interest	1,419,110	1,651,456	1,625,237	1,908,433	2,066,379
Changes of benefit terms and actual experience		(67,760)			
Differences between expected and actual experience	1,258,476	(14,411,346)	13,174,184	(6,123,363)	(5,423,978)
Changes in assumptions or other inputs	(14,365,020)	62,807	13,544,251	672,340	(5,531,564)
Membership Contributions	45,095	42,220	39,126	41,032	44,548
Benefit payments - Net	(1,405,670)	(1,300,885)	(1,290,852)	(1,384,219)	(1,288,938)
Net changes	(10,112,806)	(10,485,892)	29,054,816	(3,110,290)	(8,073,166)
Balance at 6/30	\$53,549,077	\$63,661,883	\$74,147,775	\$45,092,959	\$48,203,249
Covered Employee Payroll	14,748,468	14,820,847	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-	-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	363.08%	429.54%	518.60%	319.07%	364.15%
					\$60,725,890
					2,487,777
					1,783,825
					(7,465,593)
					(1,303,481)
					47,997
					(4,449,475)
					\$56,276,415
					13,684,241
					-0-
					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, 2023

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 <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
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, 2023

	TITLE I	TITLE IIA	TITLE III - IMMIGRANT	TITLE IV	IDEA PART B	IDEA PART B - ARP	IDEA PRESCHOOL
REVENUES:							
State sources	\$ 174,295.00	\$ 55,910.00	\$ 4,000.00	\$ 16,661.00	\$ 420,227.82	\$ 77,522.00	\$ 21,297.00
Federal sources							
Other sources							
Total revenues	\$ 174,295.00	\$ 55,910.00	\$ 4,000.00	\$ 16,661.00	\$ 420,227.82	\$ 77,522.00	\$ 21,297.00
EXPENDITURES:							
Instruction:							
Salaries of teachers	88,700.00						19,784.00
Tuition					347,849.00	73,409.00	
Supplies and materials	40,358.00						
Textbooks							
Other Objects					3,074.82		
Total instruction	129,058.00				350,923.82	73,409.00	19,784.00
Support services:							
Other Salaries					10,000.00		
Personal services - employee benefits					5,100.00		1,513.00
Purchased professional - technical services	45,237.00	54,160.00	4,000.00	16,661.00	54,204.00	4,113.00	
Purchased professional - educational services							
Supplies and materials		1,750.00					
Miscellaneous expenditures							
Total support services	45,237.00	55,910.00	4,000.00	16,661.00	69,304.00	4,113.00	1,513.00
Total expenditures	\$ 174,295.00	\$ 55,910.00	\$ 4,000.00	\$ 16,661.00	\$ 420,227.82	\$ 77,522.00	\$ 21,297.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1							
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, 2023

	IDEA PRESCHOOL ARP	CARES ACT ESSER II	CARES ACT ESSER II - ARP	NON-PUBLIC STEM GRANT	NON-PUBLIC TEXTBOOKS	NON - PUBLIC COMP. EDUCATION	EXAMINATION & CLASSIFICATION
REVENUES:							
State sources	\$ 6,612.00	\$ 227,713.23	\$ 430,304.00	\$ 2,627.46	\$ 11,164.00	\$ 25,372.00	\$ 3,792.00
Federal sources							
Other sources							
Total revenues	\$ 6,612.00	\$ 227,713.23	\$ 430,304.00	\$ 2,627.46	\$ 11,164.00	\$ 25,372.00	\$ 3,792.00
EXPENDITURES:							
Instruction:							
Salaries of teachers	6,142.00	124,414.41	2,555.00				
Tuition							
Supplies and materials		70,847.80	115,653.97		11,164.00		
Textbooks							
Other Objects							
Total instruction	6,142.00	195,262.21	118,208.97		11,164.00		
Support services:							
Other Salaries			102,170.40	2,627.46			
Personal services - employee benefits	470.00	32,451.02	47,205.55				
Purchased professional - technical services			162,719.08			25,372.00	3,792.00
Purchased professional - educational services							
Supplies and materials							
Miscellaneous expenditures							
Total support services	470.00	32,451.02	312,095.03	2,627.46		25,372.00	3,792.00
Total expenditures	\$ 6,612.00	\$ 227,713.23	\$ 430,304.00	\$ 2,627.46	\$ 11,164.00	\$ 25,372.00	\$ 3,792.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1							
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, 2023

	NON-PUBLIC HOME SUPPLEMENTAL	NON-PUBLIC SPEECH	NON-PUBLIC NURSING	NON-PUBLIC TECHNOLOGY INITIATIVE	NON-PUBLIC SECURITY	STUDENT ACTIVITIES	OTHER LOCAL GRANTS	TOTAL
REVENUES:								
State sources	\$ 3,304.00	\$ 8,370.00	\$ 18,876.00	\$ 7,140.00	\$ 33,470.00	\$	\$	\$ 114,115.46
Federal sources						491,255.97	12,597.87	1,434,542.05
Other sources								503,853.84
Total revenues	\$ 3,304.00	\$ 8,370.00	\$ 18,876.00	\$ 7,140.00	\$ 33,470.00	\$ 491,255.97	\$ 12,597.87	\$ 2,052,511.35
EXPENDITURES:								
Instruction:								
Salaries of teachers								241,595.41
Tuition								421,258.00
Supplies and materials					33,470.00		500.00	260,829.77
Textbooks								11,164.00
Other Objects							2,250.00	5,324.82
Total Instruction					33,470.00		2,750.00	940,172.00
Support services:								
Other Salaries								114,797.86
Personal services - employee benefits								131,976.57
Purchased professional - technical services								295,857.08
Purchased professional - educational services	3,304.00	8,370.00	18,876.00	7,140.00			9,847.87	66,854.00
Supplies and materials								9,847.87
Miscellaneous expenditures								445,525.24
Total support services	3,304.00	8,370.00	18,876.00	7,140.00		443,775.24	9,847.87	1,054,858.62
Total expenditures	\$ 3,304.00	\$ 8,370.00	\$ 18,876.00	\$ 7,140.00	\$ 33,470.00	\$ 443,775.24	\$ 12,597.87	\$ 2,005,030.62
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$ 47,480.73	\$	\$ 47,480.73
Fund Balance, July 1						216,467.56		216,467.56
Fund Balance, June 30						263,948.29		263,948.29

**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, 2023

Expenditures and Other Financing Uses:	
Construction services	\$ 7,932.25
Total expenditures	<u>7,932.25</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,932.25)</u>
Net change in fund balance	(7,932.25)
Fund balance - beginning	<u>372,573.90</u>
Fund balance - ending	<u><u>\$364,641.65</u></u>
Fund Balance - budgetary basis	\$364,641.65
Current year encumbrances	87,548.21
Less: ROD Grants not recognized under GAAP	<u>(\$410.00)</u>
Fund Balance - GAAP basis (B-1)	<u><u>\$451,779.86</u></u>
Expenditures - budgetary basis	\$7,932.25
Add: prior year encumbrances	<u>594,526.92</u>
	602,459.17
Less:	
Current year encumbrances	<u>87,548.21</u>
Expenditures - GAAP basis (B-2)	<u><u>\$514,910.96</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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond Proceeds	\$4,643,106.43		\$4,643,106.43	\$4,643,880.83
Total revenues	4,643,106.43		4,643,106.43	4,643,880.83
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	4,139,819.94		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	4,643,102.88		4,643,102.88	4,643,880.83
Excess (deficiency) of revenues over (under) expenditures	\$3.55		\$3.55	

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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
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
Total revenues	<u>1,734,000.00</u>		<u>1,734,000.00</u>	<u>1,734,405.00</u>
Expenditures and Other Financing Uses:				
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	1,546,552.79		1,546,552.79	1,546,965.87
Miscellaneous	46,613.04		46,613.04	46,613.04
Total expenditures	<u>1,733,991.92</u>		<u>1,733,991.92</u>	<u>1,734,405.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$8.08</u>		<u>\$8.08</u>	

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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
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>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>953,128.73</u>	<u>1,300,395.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$347,266.27</u>		<u>\$347,266.27</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

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 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
HVAC IMPROVEMENTS PROJECT
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$691,118.00		\$691,118.00	\$691,118.00
Total revenues	691,118.00		691,118.00	691,118.00
Expenditures and Other Financing Uses:				
Architectural Services	85,000.00		85,000.00	105,000.00
Construction services	581,232.00	7,932.25	589,164.25	586,118.00
Total expenditures	666,232.00	7,932.25	674,164.25	691,118.00
Excess (deficiency) of revenues over (under) expenditures	\$24,886.00	(\$7,932.25)	\$16,953.75	

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	\$691,118.00
Additional Authorized Cost	
Revised Authorized Cost	\$691,118.00

Percentage Increase over Original Authorized Cost

Percentage completion 2.45%

Original target completion date 12/31/2022

Revised target completion date 12/31/2022

EXHIBIT "F-2"

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2023

<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	\$4,643,102.88		\$3.55
2017 Referendum	1,734,000.00	1,733,991.92		8.08
Vestibule Renovation Project	1,300,395.00	953,128.73		347,266.27
	691,118.00	666,232.00	\$7,932.25	16,953.75
	<u>\$8,368,619.43</u>	<u>\$7,996,455.53</u>	<u>\$7,932.25</u>	<u>\$364,231.65</u>
Totals				

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, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL
	C.A.R.E.S.	FOOD SERVICE	S.I.E.A.M.	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$34,735.42	\$139,585.14	\$3,558.25	\$177,878.81
Accounts receivable:				
State		616.86		616.86
Federal		12,000.60		12,000.60
Intrafund		475.00		475.00
Inventories		8,092.04		8,092.04
Total current assets	34,735.42	160,769.64	3,558.25	199,063.31
Noncurrent assets:				
Furniture, machinery & equipment		274,210.00		274,210.00
Less accumulated depreciation		(273,962.40)		(273,962.40)
Total noncurrent assets		247.60		247.60
Total assets	34,735.42	161,017.24	3,558.25	199,310.91
LIABILITIES:				
Current liabilities:				
Intrafund payable	475.00			475.00
Unearned revenue	42,060.00	4,346.45		46,406.45
Accounts payable	1,082.35	44,207.70		45,290.05
Total current liabilities	43,617.35	48,554.15		92,171.50
Total liabilities	43,617.35	48,554.15		92,171.50
NET POSITION:				
Net investment in capital assets		247.60		247.60
Unrestricted (deficit)	(8,881.93)	112,215.49	3,558.25	106,891.81
Total net position (deficit)	(\$8,881.93)	\$112,463.09	\$3,558.25	\$107,139.41

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, 2023

	C.A.R.E.S.	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		TOTAL
		FOOD SERVICE	S.T.E.A.M.	
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs		\$329,265.78		\$329,265.78
Daily sales - non-reimbursable programs		6,286.70		6,286.70
Special functions		3,081.99		3,081.99
Fees - individuals	\$298,158.94			298,158.94
Total operating revenues	298,158.94	338,634.47		636,793.41
OPERATING EXPENSES:				
Cost of sales - reimbursable		293,605.96		293,605.96
Cost of sales - non-reimbursable		5,375.12		5,375.12
Salaries	280,522.08	212,988.82		493,510.90
Employee benefits	23,237.62	90,989.80		114,227.42
Supplies and materials	12,058.97	487.86		12,546.83
Management Fee		59,154.90		59,154.90
Miscellaneous	15,950.88	14,793.35		30,744.23
Depreciation		9,063.62		9,063.62
Total operating expenses	331,769.55	686,459.43		1,018,228.98
Operating income (loss)	(33,610.61)	(347,824.96)		(381,435.57)
NONOPERATING REVENUES (EXPENSES):				
State sources				
State school lunch program		4,964.12		4,964.12
State school breakfast program		3,216.40		3,216.40
Federal sources:				
National school lunch program		156,771.12		156,771.12
National food distribution commodities		52,384.75		52,384.75
Total nonoperating revenues		217,336.39		217,336.39
Change in net position	(33,610.61)	(130,488.57)		(164,099.18)
Total net position - beginning	24,728.68	242,951.66	3,558.25	271,238.59
Total net position - ending (deficit)	(\$8,881.93)	\$112,463.09	\$3,558.25	\$107,139.41

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	C.A.R.E.S.	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		TOTAL
		FOOD SERVICE	S.T.E.A.M.	
Cash flows from operating activities:				
Receipts from customers	\$275,838.94	\$332,094.85		\$607,933.79
Payments to employees	(280,522.08)	(212,988.82)		(493,510.90)
Payments to employee benefits	(23,237.62)	(65,713.08)		(88,950.70)
Payments to suppliers	(31,010.96)	(300,776.88)		(331,787.84)
Net cash provided by (used for) operating activities	(58,931.72)	(247,383.93)		(306,315.65)
Cash flows from noncapital financing activities:				
State sources			9,031.86	9,031.86
Federal sources			217,508.30	217,508.30
Net cash provided by noncapital financing activities			226,540.16	226,540.16
Net increase (decrease) in cash and cash equivalents	(58,931.72)	(20,843.77)		(79,775.49)
Cash and cash equivalents, June 30, 2022	93,667.14	160,428.91	3,556.25	257,654.30
Cash and cash equivalents, June 30, 2023	\$34,735.42	\$139,585.14	\$3,556.25	\$177,878.81
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$33,610.61)	(\$347,824.96)		(\$381,435.57)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		9,063.62		9,063.62
Federal commodities		52,384.75		52,384.75
Change in assets and liabilities:				
Increase (decrease) in unearned revenue	(22,320.00)	(6,431.70)		(28,751.70)
Increase (decrease) in accounts payable	(3,001.11)	44,207.70		41,206.59
(Increase) decrease in inventories	(25,321.11)	1,216.66		1,216.66
		100,441.03		75,119.92
Net cash provided by (used for) operating activities	(\$58,931.72)	(\$247,383.93)		(\$306,315.65)

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES		RATE OF INTEREST	BALANCE JUNE 30, 2022	RETIRED	BALANCE JUNE 30, 2023
			DATE	AMOUNT				
Refunding School Bonds	5/16/2011	\$ 7,135,000.00	01/15/24	675,000.00	4.25%	\$ 1,340,000.00	\$ 665,000.00	\$ 675,000.00
	4/24/2012	2,630,000.00	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%	1,145,000.00	195,000.00	950,000.00
School Bond, Series 2016	1/7/2016	8,223,000.00	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%	6,803,000.00	300,000.00	6,503,000.00
						\$ 9,288,000.00	\$ 1,160,000.00	\$ 8,128,000.00

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:					
Local sources:					
Local tax levy	\$1,092,144.00		\$1,092,144.00	\$1,092,144.00	
State sources:					
Debt service aid type II	98,739.00		98,739.00	98,739.00	
Total revenues	<u>1,190,883.00</u>		<u>1,190,883.00</u>	<u>1,190,883.00</u>	
EXPENDITURES:					
Regular debt service:					
Interest	225,884.00		225,884.00	225,883.76	\$0.24
Redemption of principal	965,000.00		965,000.00	965,000.00	
Total regular debt service-expenditures	<u>1,190,884.00</u>		<u>1,190,884.00</u>	<u>1,190,883.76</u>	<u>0.24</u>
Excess (deficiency) of revenues over (under) expenditures	(1.00)		(1.00)	(0.76)	0.24
Fund balance, July 1	<u>1.11</u>		<u>1.11</u>	<u>1.11</u>	
Fund balance, June 30	<u>\$0.11</u>		<u>\$0.11</u>	<u>\$0.35</u>	<u>\$0.24</u>

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STATISTICAL SECTION - UNAUDITED

SPOTSWOOD BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION

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

Sources

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$14,658,834	\$14,111,745	\$13,754,732	\$13,763,978	\$13,701,931	\$11,578,552	\$10,921,358	\$10,248,069	\$10,474,046	\$10,472,674
Restricted	11,817,015	10,636,489	9,693,575	8,290,944	7,719,082	7,162,784	4,775,510	3,883,006	2,131,006	1,125,861
Unrestricted (deficit)	(3,428,229)	(4,504,425)	(6,346,446)	(7,415,314)	(8,416,775)	(7,811,578)	(7,380,845)	(7,735,263)	(7,595,382)	(400,529)
Total governmental activities net position	23,047,621	20,243,809	17,101,862	14,639,609	13,004,238	8,316,023	6,395,812	5,009,670	11,198,006	11,050,600
Business-type activities										
Invested in capital assets	248	10,369	21,040	34,316	47,594	60,872	75,276	5,712	7,642	2,592
Net of related debt	106,892	261,927	30,629	57,814	157,959	244,757	314,552	306,436	381,649	404,846
Unrestricted	107,139	272,296	51,669	92,129	205,553	389,828	312,148	389,291	407,438	514,277
Total business-type activities net position										
District-wide										
Net investment in capital assets	14,659,082	14,122,113	13,775,772	13,798,294	13,749,525	11,639,425	10,996,635	10,253,781	10,481,688	10,475,266
Restricted	11,817,015	10,636,489	9,693,575	8,290,944	7,719,082	7,162,784	4,775,510	3,883,006	2,131,006	1,125,861
Unrestricted (deficit)	(3,321,337)	(4,242,498)	(6,315,817)	(7,357,500)	(8,258,816)	(7,566,821)	(7,066,293)	(7,428,827)	(7,213,733)	4,317
Total district net position	\$23,154,760	\$20,516,104	\$17,153,531	\$14,731,738	\$13,209,791	\$8,705,851	\$6,707,960	\$5,398,961	\$11,605,444	\$11,564,877

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities										
Instruction	\$21,615,890	\$21,080,316	\$17,442,180	\$22,640,963	\$22,517,111	\$22,143,402	\$23,639,518	\$21,013,902	\$20,115,485	\$17,813,904
Support services:										
Tuition		(2,130)								
Student and instruction related services	6,091,158	6,065,824	4,723,360	4,340,814	4,240,966	4,160,033	4,346,185	4,904,049	4,618,632	4,117,324
General administrative services	279,518	241,524	269,984	394,706	393,224	393,239	412,180	506,552	488,596	451,491
School administrative services	1,965,704	1,848,381	1,611,576	1,819,721	1,836,777	1,610,089	1,695,713	1,490,060	1,329,599	1,204,169
Central Services and Admin Technology	1,066,810	940,692	926,647	921,654	1,025,322	934,159	949,706	955,190	943,408	843,871
Plant operations and maintenance	3,763,618	3,584,497	3,572,171	3,242,072	3,059,195	2,772,831	2,768,742	3,208,775	3,154,013	2,895,552
Pupil transportation	1,482,913	1,256,098	875,077	926,071	971,523	1,007,436	934,100	1,043,792	1,107,196	970,135
Transfer to charter schools	31,702	84,342	84,320	86,353	60,884	70,992	40,187	40,847	30,204	29,988
Business and other support services & benefits										
Interest on Long-Term Debt	298,675	342,241	374,034	403,706	464,239	461,800	510,094	338,187	275,587	451,126
Total governmental activities expenses	36,595,988	35,431,784	29,879,351	34,775,060	34,569,241	33,553,982	35,296,425	33,501,354	32,062,720	28,717,560
Business-type activities:										
CARES	331,770	211,249	67,897	332,371	477,427	460,993	321,697	444,935	421,676	530,804
Food Service	686,459	742,648	306,116	408,184	459,852	452,822	504,365	551,186	501,149	418,544
STEAM					9,540	10,642	8,460			
Total business-type activities expense	1,018,229	953,896	374,012	740,555	946,819	924,257	834,521	996,121	922,825	949,348
Total district expenses	37,614,217	36,385,680	30,253,363	35,515,615	35,516,060	34,478,239	36,130,946	34,497,475	32,985,545	29,666,908
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
Instruction (tuition)	5,423,921	5,348,442	4,557,010	3,998,552	3,901,253	4,116,091	4,563,401	4,564,508	4,940,108	4,653,700
Student and instruction related services	491,256	430,787	161,174	7,964,915	8,329,962	7,993,221	9,562,293	675,985	673,059	701,268
Operating grants and contributions	7,585,881	7,566,172	2,212,700			473,957		464,231		
Capital Grants and Contributions		94,000								
Total governmental activities program revenues	13,501,059	13,439,401	6,930,884	11,963,467	12,231,215	12,109,312	14,599,650	5,704,724	5,613,167	5,354,968

SPOTSWOOD BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES										
Business-type activities:										
Charges for services										
CARES	\$298,159	\$233,380	390	\$296,477	\$416,535	\$381,948	\$386,623	\$305,579	\$319,583	\$314,119
Food Service	338,634	9,886		207,416	271,081	284,168	284,140	453,748	443,206	398,024
STEAM					9,450	12,000	10,750	159,651	141,889	130,366
Operating grants and contributions	217,336	931,257	316,924	123,238	149,677	162,963	138,649	918,978	904,678	842,509
Total business type activities program revenues	854,130	1,174,523	317,314	627,131	846,743	841,078	820,162	15,518,628	6,609,402	6,465,676
Total district program revenues	14,355,188	14,613,924	7,248,198	12,590,598	12,810,209	13,072,293	12,929,474			
NET EXPENSE/REVENUE										
Governmental activities	(23,094,930)	(21,992,383)	(22,948,466)	(22,811,594)	(22,811,594)	(22,338,025)	(21,444,670)	(20,686,775)	(27,796,630)	(26,449,553)
Business-type activities	(164,099)	220,627	(56,699)	(113,424)	106,188	(105,741)	(104,095)	84,457	(91,443)	(80,316)
Total district-wide net expense	(23,259,029)	(21,771,756)	(23,005,165)	(22,925,017)	(22,438,102)	(21,527,849)	(20,711,134)	(20,612,318)	(27,888,073)	(26,529,869)
GENERAL REVENUES AND OTHER CHANGES										
IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	17,491,986	17,149,006	16,812,751	16,483,089	16,002,048	15,688,283	15,291,612			
Taxes levied for debt service	1,092,144	1,107,880	1,116,880	866,401	1,125,506	947,911	940,801			
Federal and state aid not restricted	6,627,259	6,392,252	6,829,477	6,689,020	6,472,628	6,336,399	5,809,893			
Federal and state aid restricted	127,459	211,085	28,003	72,724	488,100	68,196	502,148			
Miscellaneous income	559,893	274,108	154,327	335,730	324,223	602,493	72,533			
Total governmental activities	25,898,742	25,118,092	24,924,999	24,446,964	24,412,505	23,643,282	22,616,987			
Business-type activities:										
Miscellaneous income			16,238					92,008		
Transfers			16,238					92,008		
Total business-type activities			24,941,237		24,412,505	23,643,282	22,708,995			
Total district-wide	25,898,742	25,118,092	24,941,237	24,446,964	24,412,505	23,643,282	22,708,995			
CHANGE IN NET POSITION										
Governmental activities	2,803,812	3,141,947	1,976,533	1,635,370	2,074,480	2,198,613	1,920,212			
Business-type activities	(164,099)	220,627	(40,460)	(113,424)	(100,077)	(83,179)	77,649			
Total district	\$2,639,713	\$3,362,574	\$1,936,072	\$1,521,947	\$1,974,403	\$2,115,434	\$1,997,861			

Source: ACFR Schedule A-2

SPOTSWOOD BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Restricted	\$11,792,882	\$10,659,837	\$9,860,347	\$8,431,595	\$7,622,250	\$7,077,289	\$4,770,992	\$3,428,751	\$2,131,006	\$940,900
Assigned	1,829,491	567,171	135,956	244,934	82,257	563,525	936,655	116,541	315,602	534,148
Unassigned	878,369	1,341,976	1,336,951	626,097				91,728	3,014	25,006
Total general fund	<u>14,500,743</u>	<u>12,568,984</u>	<u>11,333,254</u>	<u>9,302,626</u>	<u>7,704,507</u>	<u>7,640,814</u>	<u>5,707,647</u>	<u>3,637,020</u>	<u>2,449,622</u>	<u>1,500,054</u>
All Other Governmental Funds										
Restricted	628,180	588,632	544,225	365,218	450,645	80,232	1,308,335	5,382,897		184,961
Assigned	87,548	594,528	17,939		250,520		179,588			
Total all other governmental funds	<u>\$715,729</u>	<u>\$1,183,160</u>	<u>\$562,164</u>	<u>\$365,218</u>	<u>\$701,165</u>	<u>\$80,232</u>	<u>\$1,487,923</u>	<u>\$5,382,897</u>		<u>\$184,961</u>

Source: ACFR Schedule B-1

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax levy	\$18,584,130.00	\$18,256,886.00	\$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
Interest on capital reserve		194.03	60.07	1,697.90	1,609.15	1,372.06	520.53		34.00	40.00
Interest on maintenance reserve			81.44	2,273.08	1,449.41					
Tuition charges	5,423,921.10	5,348,441.64	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
Miscellaneous	825,948.71	494,374.39	276,620.93	152,022.44	336,310.01	648,807.98	92,389.05	388,204.00	243,805.00	141,250.00
PILOT Payment to School District	237,798.25	229,479.09	216,300.30	206,154.13						
State sources	13,375,219.15	13,177,824.88	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
Federal sources	1,049,165.19	1,198,118.89	841,348.75	651,801.63	578,153.08	571,086.72	606,506.61	634,074.00	593,722.00	614,958.00
Total revenue	39,496,182.40	38,705,318.92	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
Expenditures										
Instruction	12,249,581.33	12,215,529.83	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
Support Services:										
Tuition	850,047.52	830,737.71	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
Student and instruction related services	4,798,062.16	4,931,187.67	3,852,647.41	2,946,421.14	2,827,578.70	2,739,550.30	2,829,189.07	3,157,190.00	3,163,519.00	3,046,689.00
General administrative services	392,534.68	361,403.19	347,282.36	363,493.78	385,949.51	384,733.91	366,658.43	342,425.00	350,596.00	351,100.00
School administrative services	1,119,112.37	1,085,610.14	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
Central Services and Adm Technology	840,320.09	772,831.36	746,998.11	683,188.95	792,028.22	731,728.03	719,241.71	636,478.00	640,926.00	640,696.00
Plant operations and maintenance	3,028,616.47	3,026,248.85	3,074,066.36	2,527,225.56	2,394,097.71	2,255,122.13	2,178,417.97	2,206,847.00	2,289,564.00	2,222,731.00
Pupil transportation	1,337,648.05	1,131,513.64	812,636.96	863,747.09	919,481.14	839,676.73	817,779.12	861,321.00	979,594.00	864,983.00
Unallocated benefits	11,161,404.20	10,472,958.20	10,122,873.14	8,944,350.90	8,411,428.95	7,894,930.13	7,178,682.87	7,095,631.00	6,289,731.00	6,040,119.00
Special schools										
Debt service:										
Principal	1,160,000.00	1,130,000.00	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
Interest and other charges	268,821.26	304,871.26	343,646.26	374,383.76	428,438.76	424,708.76	470,074.50	266,325.00	284,626.00	320,425.00
Capital Outlay	794,004.93	501,359.90	157,851.84	333,988.76	1,700,415.45	1,919,704.82	4,544,230.57	3,936,995.00	150,835.00	285,115.00
Transfer to Charter Schools	31,702.00	84,342.00	84,320.00	86,355.00	60,884.00	70,992.00	40,187.00	40,847.00	30,204.00	29,988.00
Total expenditures	38,031,855.06	36,848,593.75	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
Excess (Deficiency) of revenues over (under) expenditures	1,464,327.34	1,856,725.17	1,758,092.22	1,262,171.30	684,625.73	562,213.81	(1,824,346.31)	(1,987,610.00)	764,607.00	248,372.00
Other Financing sources (uses)										
Bonds issued						(36,737.02)		8,223,000.00		57,314.00
Capital leases (non-budgeted)								334,905.00		
Transfers			(16,238.31)				8,557,905.00		57,314.00	
Total other financing sources (uses)			(16,238.31)				8,557,905.00		57,314.00	
Net change in fund balances	\$1,464,327.34	\$1,856,725.17	\$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)
Debt service as a percentage of noncapital expenditures	3.84%	3.95%	4.19%	4.45%	4.68%	4.79%	4.07%	3.26%	4.12%	4.66%

Source: ACFR Schedule B-2

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 &</u> <u>ROYALTIES</u>	<u>TUITION</u>	<u>REIMBURSEMENT</u>			<u>TOTAL</u>
				<u>OF PRIOR</u> <u>YEAR COSTS</u>	<u>MISCELLANEOUS</u>		
2023	\$ 174,690.03	\$	5,423,921.10	\$ 114,871.38	\$ 32,533.46	\$	5,746,015.97
2022	6,189.30		5,348,441.64		38,439.15		5,468,549.55
2021	11,817.80		4,557,010.49		87,382.24		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

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)
2022	6,122,800.00	652,403,200.00	65,152,700.00	18,364,800.00	7,055,300.00	749,098,800.00	-0-	\$749,098,800.00	\$1,026,866,073.00	1.966
2021	6,366,800.00	651,299,700.00	60,759,400.00	18,364,800.00	7,055,300.00	743,846,000.00	-0-	743,846,000.00	917,761,875.00	1.952
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	740,989,100.00	2,171,116.00	743,160,216.00	777,395,907.00	1.586

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)
2022	1,470,800.00	180,258,400.00	3,997,200.00		817,100.00	\$186,543,500.00	\$178,606.00	\$186,722,106.00	\$286,479,106.00	2.006
2021	1,177,400.00	179,875,000.00	4,205,900.00		817,100.00	186,075,400.00	194,118.00	186,269,518.00	242,732,439.00	1.953
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

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 <u>June 30,</u>	Spotswood Board of Education			Overlapping Rates		Total Direct and Overlapping <u>Tax Rate</u>
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Spotswood Borough</u>	<u>County</u>	
2023	\$1.886	\$0.118	\$2.004	\$1.066	\$0.511	\$3.581
2022	1.847	0.012	1.966	1.060	0.482	3.508
2021	1.891	0.126	1.952	1.063	0.465	3.480
2020	1.816	0.095	1.911	1.038	0.450	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

* - Not Available

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

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

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

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

SPOTSWOOD BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30.	Helmetta Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Helmetta Borough	County	
2023	\$1.894	\$0.118	\$2.012	\$0.717	\$0.533	\$3.262
2022	1.888	0.118	2.006	0.719	0.508	3.233
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

* - 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>	2023			2014*		
	<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>
Clearwater Village	\$13,767,000.00	1	1.838%			0.000%
Spotswood Shopping Center	10,929,800.00	2	1.459%			0.000%
Renaissance @ Spotswood LLC	5,300,000.00	3	0.708%			0.000%
Gillette Enterprises	3,496,300.00	4	0.467%			0.000%
Summerhill Corners Association	2,860,500.00	5	0.382%			0.000%
Spotswood Shopping Center	2,290,000.00	6	0.306%			0.000%
Rite Spots, Inc C/O Walgreen Co.	1,643,500.00	7	0.219%			0.000%
Spotswood Investment	1,625,000.00	8	0.217%			0.000%
19 Summerhill LLC	1,272,600.00	9	0.170%			0.000%
TVRP Enterprises, LLC	1,249,000.00	10	0.167%			0.000%
Total	\$44,433,700.00		5.932%	\$0.00		0.000%

Source: Municipal Tax Assessor
* - Not Available

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

Taxpayer	2023			2014*		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Buchan, William & Roseann	\$1,233,000.00	1	0.661%			0.000%
Sutton Plaza Associates	1,100,000.00	2	0.590%			0.000%
Aggo, LLC	817,100.00	3	0.438%			0.000%
Bohinski, Loretta & Carol - Trustees	816,300.00	4	0.438%			0.000%
Maglies, Robert	641,400.00	5	0.344%			0.000%
Cui, Maria	576,600.00	6	0.309%			0.000%
G&G Realty, Helmetta, LLC	569,200.00	7	0.305%			0.000%
Raczynski, Anthony & Barbara	530,600.00	8	0.284%			0.000%
Demarest, R & S & Beecher	514,800.00	9	0.276%			0.000%
Bohinsky, Charles & Sandra	487,300.00	10	0.261%			0.000%
Total	\$7,286,300.00		3.906%	\$0.00		0.000%

Source: Municipal Tax Assessor

* - Not Available

SPOTSWOOD BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Spotswood Borough		Collections in Subsequent Years
		<u>Collected within the Fiscal Year of the Levy (a)</u>		
		Amount	Percentage of Levy	
2023	13,833,310.00	\$13,833,310.00	100.00%	0.00
2022	13,602,629.00	13,602,629.00	100.00%	0.00
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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Helmetta Borough		Collections in Subsequent Years
		<u>Collected within the Fiscal Year of the Levy (a)</u>		
		Amount	Percentage of Levy	
2023	3,658,676.00	3,658,676.00	100.00%	0.00
2022	3,546,377.00	3,546,377.00	100.00%	0.00
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

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	School Energy Savings Obligations Refunding Bonds	Installment Purchase Contracts				
2023	\$7,178,000.00	\$950,000.00	-	\$8,128,000.00	N/A	N/A	
2022	8,143,000.00	1,145,000.00		9,288,000.00	N/A	\$882.39	
2021	9,093,000.00	1,325,000.00		10,418,000.00	1.410%	990.30	
2020	10,018,000.00	1,490,000.00	\$68,961.93	11,576,961.93	1.686%	1,123.76	
2019	10,913,000.00	1,645,000.00	136,531.91	12,694,531.91	1.927%	1,222.63	
2018	11,793,000.00	1,790,000.00	202,738.05	13,785,738.05	2.152%	1,314.30	
2017	12,653,000.00	1,925,000.00	279,428.89	14,857,428.89	2.415%	1,391.28	
2016	13,233,000.00	2,050,000.00	358,208.00	15,641,208.00	2.626%	1,469.76	
2015	5,580,000.00	2,165,000.00	34,456.00	7,779,456.00	1.359%	726.58	
2014	6,390,000.00	2,270,000.00	45,290.00	8,705,290.00	1.553%	814.95	

Source: District ACFR 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.

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		
2023	\$8,128,000.00	\$950,000.00	\$7,178,000.00	N/A	N/A
2022	9,288,000.00	1,145,000.00	8,143,000.00	N/A	773.61
2021	10,418,000.00	1,325,000.00	9,093,000.00	0.978%	864.35
2020	10,418,000.00	1,490,000.00	8,528,000.00	0.920%	827.80
2019	11,508,000.00	1,645,000.00	9,268,000.00	1.000%	892.61
2018	12,558,000.00	1,790,000.00	10,003,000.00	1.079%	953.67
2017	13,583,000.00	1,925,000.00	10,728,000.00	1.157%	1,004.59
2016	14,578,000.00	2,050,000.00	11,183,000.00	1.210%	1,050.84
2015	15,283,000.00	2,165,000.00	3,415,000.00	0.369%	318.95
2014	7,745,000.00	2,270,000.00	4,120,000.00	0.444%	385.70

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, 2022
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	\$26,313,041.19	100.00%	\$26,313,041.19
Helmetta Borough	3,412,071.72	100.00%	3,412,071.72
Other debt			
Middlesex County	610,710,958.00	0.94%	<u>5,722,188.14</u>
Subtotal, overlapping debt			35,447,301.05
Spotswood Borough School District Direct Debt			<u>7,828,000.00</u>
Total direct and overlapping debt			<u><u>\$43,275,301.05</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 2022

Equalized Valuation Basis

Calendar Year	
2022	\$1,026,866,073.00
2021	917,761,875.00
2020	862,992,437.00
	<u>\$2,807,620,385.00</u>
Average Equalized Valuation of Taxable Property	\$935,873,461.67
Debt Limit (4% of average equalization value)	37,434,938.47
Total Net Debt Applicable to Limit	6,206,291.86
Legal Debt Margin	<u>\$31,228,646.60</u>

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$37,434,938.47	\$35,018,040.75	\$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	\$30,687,483.00
Total Net Debt Applicable To Limit	6,206,291.86	8,600,002.33	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
Legal Debt Margin	<u>\$31,228,646.60</u>	<u>\$26,418,038.42</u>	<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>
Total Net Debt Applicable to the Limit as a % of Debt Limit	16.58%	24.56%	22.26%	23.22%	20.63%	22.80%	14.76%	43.07%	18.29%	20.82%

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 2022

Equalized Valuation Basis

Calendar Year	
2022	\$266,300,500.00
2021	242,538,321.00
2020	224,794,228.00
	<u>\$733,633,049.00</u>
Average Equalized Valuation of Taxable Property	\$244,544,349.67
Debt Limit (4% of average equalization value)	8,559,052.24
Total Net Debt Applicable to Limit	<u>1,621,708.14</u>
Legal Debt Margin	<u>\$6,937,344.10</u>

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt Limit	\$8,559,052.24	\$7,954,041.08	\$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
Total Net Debt Applicable To Limit	1,621,708.14	1,125,483.97	1,200,000.00	1,250,000.00	1,350,000.00	1,350,000.00	1,400,000.00			
Legal Debt Margin	<u>\$6,937,344.10</u>	<u>\$6,828,557.11</u>	<u>\$7,517,791.39</u>	<u>\$7,244,004.43</u>	<u>\$7,037,999.81</u>	<u>\$6,683,493.76</u>	<u>\$8,070,685.00</u>	<u>\$8,072,462.00</u>	<u>\$8,225,139.00</u>	<u>\$9,640,349.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	18.95%	14.15%	13.76%	14.72%	16.09%	16.45%	17.32%	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>
2022	8,087	N/A	N/A	3.30%
2021	8,083	\$567,596,343.00	\$70,221.00	6.20%
2020	8,169	544,382,160.00	66,640.00	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%

<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>
2022	2,439	N/A	N/A	2.90%
2021	2,437	\$171,128,577.00	\$70,221.00	6.00%
2020	2,133	142,143,120.00	66,640.00	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%

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

2023		2014	
<u>Employer</u>	<u>Business</u>	<u>Employer</u>	<u>Business</u>
Estimated Number of Employees*		Estimated Number of Employees	
Spotswood Board of Education	Public Schools	N/A	N/A
Shop Rite of Spotswood	Supermarket	N/A	N/A
International Paper	Industry - Manufacturing	N/A	N/A
Borough of Spotswood	Municipal Government	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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Regular	109	104	111	101	102	102	109	118	133	131
Special education	31	27	33	34	35	33	33	28	24	26
Vocational	8	8	9	9	9	9	9	10	10	11
Other Instruction	10	10	10	10	10	10	9	9	7	7
Support Services:										
Student and instruction related services	58	55	45	56	55	56	54	55	56	37
General administrative services	8	9	9	9	9	9	9	10	9	11
School administrative services	22	21	14	17	17	17	18	16	10	10
Central services and Admin Info Tech	9	9	8	9	8	8	8	7	10	6
Plant operations and maintenance	23	22	39	22	23	22	22	22	22	23
Pupil transportation	7	7	6	5	5	5	5	4	4	2
Total	285	272	284	272	273	271	276	279	278	264

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				
2023	1,651	\$35,809,028.87	\$21,689	1.95%	158	N/A	N/A	N/A	1,640	1,529	0.31%	93.23%
2022	1,641	34,912,362.59	21,275	2.38%	149	N/A	N/A	N/A	1,635	1,539	3.74%	94.13%
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%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<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	341	334	344	401	416	435	449	448	457	459
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	227	225	202	233	223	238	239	244	258	258
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	339	337	314	337	357	358	338	323	314	317
High School										
Square Feet	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080	144,080
Capacity (students)	984	984	984	984	984	984	984	984	984	984
Enrollment	744	745	726	685	675	672	720	763	731	738

Number of Schools at June 30, 2023

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
2023	\$783,391.00	\$286,997.00	\$201,380.00	\$131,208.00	\$163,806.00
2022	921,738.27	442,161.67	121,798.10	165,389.62	192,388.88
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
Total School Facilities	\$6,090,218.12	\$2,524,574.09	\$1,306,152.30	\$1,115,783.59	\$1,352,142.17

* - 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

Property	Coverage
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	\$1,000,000 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
Electronic Data Processing	
Data Processing Equipment Including Data and Media, Extra Expense, Business Income, Duplicates, Transit and Debris Removal	\$500,000,000 per occurrence/NJSIG annual aggregate
Terrorism	Included in property
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	\$31,000,000	per occurrence
Products and Completed Operations	\$31,000,000	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	\$31,000,000	
Employee Benefits Liability	\$31,000,000	
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	\$31,000,000	
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
Terrorism	\$1,000,000	per occurrence/annual 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2024.

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.

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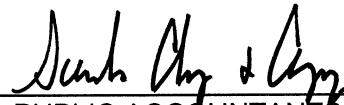
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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. However, we noted one instance of noncompliance that we have reported to the Board of Education of the Spotswood Borough School District in a separate Auditor's Management Report on Administrative Finding – Finance and Compliance dated January 10, 2024.

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

January 10, 2024



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 PROGRAM 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

Opinion on Each Major Federal and State Program

We have audited Borough of Spotswood Borough School District, County of Middlesex, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, we:

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

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

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Report on Internal Control Over Compliance

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

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

January 10, 2024

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023

FEDERAL ASSISTANCE LISTING NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	AWARD AMOUNT	BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE JUNE 30, 2023	
											(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
General Fund:												
U.S. Department of Education												
Passed-through State Department of Education:												
Medical Assistance Program (SEM)												
Total General Fund												
83.778	N/A	2105NJSMAP	07/01/2022	06/30/2023	\$ 61,836.44	\$ -	\$ 61,836.44	\$ (61,836.44)	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund:												
U.S. Department of Education												
Passed-through State Department of Education:												
Title I												
84.010	NCLB497023	S010A150030	07/01/2021	09/30/2023	180,740.00	(21,690.50)	136,525.00	(174,295.00)			(37,770.00)	
84.010	NCLB497023	S010A150030	07/01/2021	09/30/2022	161,300.00	(853.05)	21,690.50				(853.05)	
84.367	NCLB497021	S010A150030	07/01/2021	09/30/2022	148,694.00	1,750.00		(1,750.00)			(2,700.00)	
84.367	NCLB497022	S387A150029	07/01/2021	09/30/2023	62,705.00	5,314.03	51,460.00	(54,160.00)		5,314.03	(5,314.03)	
84.365	NCLB497023	S385A170030	07/01/2021	09/30/2022	16,579.00	(11,173.11)	5,859.08	(4,000.00)			(4,000.00)	
84.365	NCLB497020	S385A170030	07/01/2021	09/30/2023	4,000.00	-	16,661.00	(16,661.00)				
84.367	NCLB497023	S387A150029	07/01/2022	09/30/2023	22,761.00	-	-	-				
84.186	NCLB497023	S186A150029	07/01/2022	09/30/2023	22,761.00	-	-	-				
Special Education Cluster												
I.D.E.A. Part B Special Education Cluster:												
84.027	IDEA497022	S027A151100	07/01/2021	09/30/2022	396,701.00	(53,645.97)	53,645.97	(77,522.00)			(2,137.00)	
84.027	IDEA497022	S027A151100	07/01/2021	09/30/2022	77,522.00	-	376,051.00	(420,227.82)			(44,176.82)	
84.027	IDEA497023	S027A151100	07/01/2022	09/30/2023	457,702.00	(4,531.00)	4,531.00				(1,100.00)	
84.173	IDEA497022	S173A150114	07/01/2021	09/30/2022	19,511.00	-	5,512.00	(6,612.00)			(1,100.00)	
84.173	IDEA497022	S173A150114	07/01/2021	09/30/2022	6,612.00	-	18,329.00	(21,287.00)			(2,968.00)	
84.173	IDEA497023	S173A150114	07/01/2022	09/30/2023	21,298.00	(56,176.97)	533,453.97	(525,658.82)			(50,381.82)	
Total I.D.E.A. Part B Special Education Cluster												
Education Stabilization Fund												
84.425D	N/A	S425D210027	3/13/20	09/30/2023	418,050.00	(38,454.75)	222,107.00	(215,208.25)			(31,556.00)	
84.425D	N/A	S425D210027	3/13/20	09/30/2023	26,828.00	(6,980.02)	17,241.00	(12,504.98)			(2,244.00)	
84.425U	N/A	S425U210027	3/13/20	09/30/2024	938,541.00	(677,735.87)	883,661.00	(222,163.75)			(16,238.62)	
84.425U	N/A	S425U210027	3/13/20	09/30/2024	110,314.00	(10,000.00)	104,930.00	(98,930.28)			(4,000.28)	
84.425U	N/A	S425U210027	3/13/20	09/30/2024	40,000.00	-	770.00	(15,200.46)			(14,430.46)	
84.425U	N/A	S425U210027	3/13/20	09/30/2024	88,501.00	(4,500.00)	86,501.00	(84,001.00)			(78,477.87)	
84.425U	N/A	S425U210027	3/13/20	09/30/2024	88,501.00	(737,670.64)	1,317,210.00	(659,017.23)			(179,496.77)	
Total U.S. Department of Education												
U.S. Department of Treasury												
Passed-through State Department of Education:												
Coronavirus Relief Fund:												
ACRSER-Adf1 or Compensatory Special Ed & Rel. Sv.												
21.027	SLFRDOE1SES	N/A	3/13/20	9/30/23	128,047.00	(42,570.20)	42,570.20					
Total U.S. Department of Treasury												
Total Special Revenue Fund												
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
10.555	N/A	21161NJ304N1099	07/01/2021	06/30/2022	58,154.11	161.07	52,492.67	(161.07)				268.89
10.555	N/A	21161NJ304N1099	07/01/2022	06/30/2023	766,245.21	(63,797.42)	63,797.42	(52,223.68)				
10.555	N/A	21161NJ304N1099	07/01/2022	06/30/2023	150,195.12	(8,940.36)	138,697.40	(150,195.12)			(11,497.72)	
10.553	N/A	211NJ304N1099	07/01/2021	06/30/2022	87,552.32	(8,940.36)	8,940.36	(6,576.00)			(502.89)	
10.592	N/A	21161NJ304N1099	07/01/2022	06/30/2023	6,576.00	(72,576.71)	270,000.97	(209,155.87)			(12,000.60)	
Total Enterprise Fund												
Total Federal Financial Assistance												
					\$ (937,647.15)	\$ 2,457,287.16	\$ (1,705,534.36)	\$ (191,497.37)	\$ 5,314.03	\$ (191,497.37)	\$ 268.89	\$ -

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

SPOTSWOOD BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR'S BALANCES		BALANCE JUNE 30, 2023		MEMO CUMULATIVE		
					UNREVENUE (ACCTS REC)	GRANTOR DUE TO GRANTEE			UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)	RECEIVABLE	BUDGETARY RECEIVABLE	TOTAL EXPENDITURES		
General Funds: Equalization Aid															
Categorical Special Education Aid	22-465-034-5120-078	4,911,414.00	07/01/2021	06/30/2022	-	-	460,943.00	\$ -	(480,943.00)	-	\$ -	\$ -	\$ -	\$ -	4,911,414.00
Categorical Special Education Aid	22-465-034-5120-089	995,660.00	07/01/2021	06/30/2022	-	-	99,336.00	-	(99,336.00)	-	-	-	-	-	965,660.00
Equalization Aid	23-465-034-5120-084	160,684.00	07/01/2022	06/30/2023	-	-	16,738.00	-	(16,738.00)	-	-	-	-	-	160,684.00
Equalization Aid	23-465-034-5120-078	4,794,342.00	07/01/2021	06/30/2022	-	-	4,327,474.00	(4,794,342.00)	466,868.00	-	-	-	-	-	4,794,342.00
Categorical Special Education Aid	23-465-034-5120-089	1,091,854.00	07/01/2022	06/30/2023	-	-	996,031.00	(1,091,854.00)	105,823.00	-	-	-	-	-	1,091,854.00
Categorical Special Education Aid	23-465-034-5120-084	160,684.00	07/01/2022	06/30/2023	-	-	142,009.00	(160,684.00)	18,675.00	-	-	-	-	-	160,684.00
State Aid Public Charter							6,055,131.00	(6,046,890.00)	(8,251.00)	-	-	-	-	-	12,114,859.00
Categorical Transportation Aid	22-465-034-5120-014	236,772.00	07/01/2021	06/30/2022	-	-	24,984.00	-	(24,984.00)	-	-	-	-	-	236,772.00
Categorical Transportation Aid	22-465-034-5120-014	319,222.00	07/01/2021	06/30/2022	-	-	211,872.00	(236,772.00)	24,900.00	-	-	-	-	-	319,222.00
Extraordinary Aid	23-465-034-5120-044	379,818.00	07/01/2022	06/30/2023	(319,222.00)	-	319,222.00	-	-	(379,818.00)	-	-	-	-	379,818.00
Non-Public Transportation Aid	22-465-034-5120-014	17,400.00	07/01/2021	06/30/2022	(17,400.00)	-	17,400.00	-	-	(20,904.00)	-	-	-	-	17,400.00
Non-Public Transportation Aid	22-465-034-5120-014	20,904.00	07/01/2022	06/30/2023	-	-	109,486.00	(20,904.00)	-	-	20,904.00	-	-	-	20,904.00
Stabilization Aid	22-465-034-5120-128	109,486.00	07/01/2022	06/30/2023	(44,187.29)	-	44,187.29	(109,486.00)	-	-	-	-	-	-	109,486.00
Reimbursed TPAF Social Security Contributions	22-465-034-5394-003	860,757.79	07/01/2021	06/30/2022	-	-	657,612.57	(860,554.69)	-	-	-	-	-	-	860,757.79
Reimbursed TPAF Social Security Contributions	22-465-034-5394-003	993,554.69	07/01/2022	06/30/2023	-	-	59,117.00	(993,554.69)	-	-	-	-	-	-	993,554.69
On-behalf TPAF non-contributory insurance	23-465-034-5394-004	59,117.00	07/01/2022	06/30/2023	-	-	4,261,041.00	(4,261,041.00)	-	-	-	-	-	-	59,117.00
On-behalf TPAF Pension	23-465-034-5394-002	4,261,041.00	07/01/2022	06/30/2023	-	-	1,562.00	(4,261,041.00)	-	-	-	-	-	-	4,261,041.00
On-behalf TPAF Long-Term Disability Insurance (non-bud.)	23-465-034-5394-004	1,562.00	07/01/2022	06/30/2023	-	-	1,134,895.00	(1,562.00)	-	-	-	-	-	-	1,562.00
On-behalf TPAF Post retirement medical	23-465-034-5394-001	1,134,895.00	07/01/2022	06/30/2023	(380,789.29)	-	13,096,499.86	(13,154,029.69)	(8,335.00)	-	-	-	-	-	1,134,895.00
Total General Funds							13,096,499.86	(13,154,029.69)	(8,335.00)	(446,064.12)	-	-	-	-	20,886,159.48
Special Revenue Fund:															
Non-Public Textbooks	22-100-034-5120-064	8,283.00	07/01/2021	06/30/2022	-	3.00	-	(11,164.00)	(3.00)	-	-	-	-	-	8,283.00
Non-Public Textbooks	22-100-034-5120-064	11,220.00	07/01/2022	06/30/2023	-	4,504.00	11,220.00	-	-	(4,504.00)	-	-	-	-	11,220.00
Non-Public Comp Ed	22-100-034-5120-067	36,460.00	07/01/2022	06/30/2023	-	-	28,661.00	(25,372.00)	-	-	3,289.00	-	-	-	36,460.00
Non-Public Comp Ed	23-100-034-5120-067	28,661.00	07/01/2022	06/30/2023	-	1,899.00	-	(28,661.00)	(1,899.00)	-	-	-	-	-	28,661.00
Non-Public Examination & Classification	22-100-034-5120-066	4,932.00	07/01/2022	06/30/2023	-	-	4,932.00	-	-	-	1,140.00	-	-	-	4,932.00
Non-Public Examination & Classification	23-100-034-5120-066	12,888.00	07/01/2022	06/30/2023	-	890.00	-	(12,098.00)	(890.00)	-	-	-	-	-	12,888.00
Non-Public Connective Speech	22-100-034-5120-066	12,098.00	07/01/2022	06/30/2023	-	-	6,808.00	(8,370.00)	-	-	3,720.00	-	-	-	12,098.00
Non-Public Connective Speech	23-100-034-5120-066	6,290.00	07/01/2022	06/30/2023	-	3,304.00	-	(3,304.00)	(3,304.00)	-	-	-	-	-	6,290.00
Non-Public Supplemental Instruction	22-100-034-5120-066	6,808.00	07/01/2022	06/30/2023	-	-	6,808.00	-	-	-	3,304.00	-	-	-	6,808.00
Non-Public Supplemental Instruction	23-100-034-5120-070	15,456.00	07/01/2022	06/30/2023	-	144.00	-	(144.00)	(144.00)	-	-	-	-	-	15,456.00
Non-Public Nursing	22-100-034-5120-070	19,040.00	07/01/2022	06/30/2023	-	-	19,040.00	-	-	-	164.00	-	-	-	19,040.00
Non-Public Nursing	23-100-034-5120-070	5,963.00	07/01/2022	06/30/2023	-	-	5,963.00	-	-	-	5,363.00	-	-	-	5,963.00
Non-Public Transportation	22-100-034-5120-068	5,796.00	07/01/2021	06/30/2022	-	-	7,140.00	-	(79.00)	-	-	-	-	-	5,796.00
Non-Public Technology Initiative	22-100-034-5120-373	7,140.00	07/01/2022	06/30/2023	-	29.00	-	(7,140.00)	(29.00)	-	-	-	-	-	7,140.00
Non-Public Security	22-100-034-5120-084	34,850.00	07/01/2022	06/30/2023	-	-	34,850.00	-	-	-	1,380.00	-	-	-	34,850.00
Non-Public Security	23-100-034-5120-084	2,627.49	07/01/2022	06/30/2023	-	-	1,307.20	(2,627.49)	-	-	(1,320.29)	-	-	-	2,627.49
Non-Public Stem Grant	23-100-034-5120-084	2,627.49	07/01/2022	06/30/2023	-	-	1,307.20	(2,627.49)	-	-	1,320.29	-	-	-	2,627.49
Non-Public Luther King Jr.	07MLKJ109AVF	2,069.00	07/01/2018	06/30/2019	1,308.00	-	-	(1,308.00)	(10,892.00)	-	-	-	-	-	2,069.00
Total Special Revenue Fund							131,211.20	(114,115.46)	(10,892.00)	(449,011.24)	-	-	-	-	257,993.49
Capital Projects Fund															
New Jersey Schools Development Authority		94,000.00	07/01/2021	06/30/2022	(42,137.00)	-	41,727.00	-	-	-	(410.00)	-	-	-	938,186.44
Total Debt Service Fund							86,739.00	(96,739.00)	(19,227.00)	(449,011.24)	-	-	-	-	88,739.00
Total State Financial Assistance							133,377,199.84	(13,375,064.67)	(19,227.00)	(449,011.24)	1,308.00	18,416.00	1,085,277.24	22,011,285.52	
Enterprise Fund:															
National School Lunch Program (State Share)	22-100-034-5120-122	18,820.59	07/01/2021	06/30/2022	(1,468.22)	-	1,468.22	-	-	-	-	-	-	-	18,820.59
National School Lunch Program (State Share)	23-100-034-5120-122	8,180.52	07/01/2022	06/30/2023	-	-	4,567.66	(4,964.12)	-	-	(396.46)	-	-	-	8,180.52
National School Breakfast Program (State Share)	23-100-010-3350-023	3,216.40	07/01/2022	06/30/2023	(1,468.22)	-	2,996.00	(220.40)	-	-	(220.40)	-	-	-	3,216.40
Total Enterprise Fund							9,031.88	(6,180.52)	-	-	-	-	-	-	6,180.52
Total State Financial Assistance							133,377,199.84	(13,375,064.67)	(19,227.00)	(449,011.24)	1,308.00	18,416.00	1,085,277.24	22,011,285.52	
Less: On-behalf amounts not utilized for determination of Major Programs:															
On-behalf TPAF non-contributory insurance	23-465-034-5394-004						(59,117.00)								
On-behalf TPAF Pension	23-465-034-5394-002						(4,261,041.00)								
On-behalf TPAF Long-Term Disability Insurance (non-bud.)	23-465-034-5394-004						(1,562.00)								
On-behalf TPAF Post retirement medical	23-465-034-5394-001						(1,134,895.00)								
Total State Financial Assistance Subject to Single Audit							7,920,583.94	(7,919,469.67)							

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

Spotswood Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

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.

Spotswood Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,335.00) for the general fund and (\$447,213.30) 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	\$61,836.44	\$13,162,364.69	\$13,224,201.13
Special Revenue Fund	987,328.75	114,115.46	1,101,444.21
Debt Service Fund		98,739.00	98,739.00
Food Service Fund	209,155.87	8,180.52	217,336.39
	<u>1,258,321.06</u>	<u>13,383,399.67</u>	<u>14,641,720.73</u>
GAAP Adjustment	<u>447,213.30</u>	<u>(8,335.00)</u>	<u>438,878.30</u>
Total Awards & Financial Assistance	<u>\$1,705,534.36</u>	<u>\$13,375,064.67</u>	<u>\$14,641,720.73</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, 2023. 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, 2023.

Spotswood Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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>Assistance Listing Number</u>
CRRSA - ESSER II	84.425D
CRRSA – ESSER II - Learning Acceleration	84.425D
ARP ESSER	84.425U
ARP ESSER - Learning Acceleration	84.425U
ARP ESSER Summer Learning	84.425U
ARP ESSER Beyond the School Day	84.425U
ARP ESSER - Mental Health	84.425U

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular 15-08? | Yes |

Spotswood Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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 | 23-495-034-5120-078 |
| Categorical Special Education Aid | 23-495-034-5120-089 |
| Categorical Security Aid | 23-495-034-5120-084 |
| Extraordinary Aid | 23-495-034-5120-044 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Programs – Not Applicable

State Programs – None Reported

Spotswood Borough School District
Schedule of Prior Year Audit Findings

Not Applicable

