

**SCOTCH PLAINS-FANWOOD
REGIONAL SCHOOL DISTRICT**

**Scotch Plains-Fanwood Regional School District
Board of Education
Scotch Plains, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

**Comprehensive Annual
Financial Report**

of the

**Scotch Plains-Fanwood Regional School District
Board of Education**

Scotch Plains, New Jersey

For the Fiscal Year Ended June 30, 2008

Prepared by

**Scotch Plains-Fanwood Regional School District
Board of Education**

Finance Department

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

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INTRODUCTORY SECTION

Scotch Plains-Fanwood Public Schools

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**Evergreen Avenue and Cedar Street
SCOTCH PLAINS, NEW JERSEY 07076**

October 31, 2008

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
County of Union, New Jersey

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Scotch Plains-Fanwood Regional School District (the "District") for the fiscal year ended June 30, 2008. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). 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 basic financial statements and results of operations of the District. 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, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

The Scotch Plains-Fanwood Regional School District is one of 616 school districts in the State of New Jersey and one of 24 school districts in the County of Union. The School District provides education to students in grade level Pre-K through twelve. Geographically, the District is comprised of the Borough of Fanwood and the Township of Scotch Plains.

An elected nine-member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
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SCHOOL DISTRICT ORGANIZATION (Cont'd)

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1) REPORTING ENTITY AND ITS SERVICES: The Scotch Plains-Fanwood Regional School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Scotch Plains-Fanwood Regional School District and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education. The Scotch Plains-Fanwood Regional School District is a comprehensive educational organization that provides a full range of programs and services appropriate to grade levels Pre-K through 12. These programs and services include regular, vocational as well as special education for disabled youngsters. The District completed the 2007-2008 school year with an enrollment of 5,480 students, compared to 5,477 students as of June 30, 2007. Enrollment is defined as students on roll and students placed out of district.

The following details the changes in the on roll student enrollment of the District over the last five fiscal years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment - On Roll</u>	<u>Percent Change</u>
2007-2008	5,333	-0.13%
2006-2007	5,340	2.30%
2005-2006	5,220	3.02%
2004-2005	5,067	3.18%
2003-2004	4,911	1.95%

2) EDUCATIONAL PROGRAM: Pre-Kindergarten to Grade 4 elementary, middle school (grades 5-8), and high school (grades 9-12) programs continue to provide students with appropriate and motivational educational experiences in the Core Content areas. Our co-curricular, fine arts, and athletic programs continue to enhance and foster the development of well rounded students. In addition, community service is an integral part of many of these programs.

3) MAJOR INITIATIVES: Students continue to score above the State and National averages on District administered tests. As measured by the HSPA, 94% of our eleventh grade general education students scored proficient or above in language arts literacy and 94.6% of our eleventh grade general education students scored proficient or above in mathematics. The Scotch Plains-Fanwood High School students averaged 1585 on the SAT Reasoning Test, which is now composed of three sections: critical reading, writing, and mathematics. This score is 74 points above the national average and 81 points above the state average. For the Class of 2008, 90.4% of our graduates went on to further their education – 78.9% to four year institutions and 11.5% to two year institutions.

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
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History of Bond Referendum

In December of 2000, taxpayers voted to approve a Bond Referendum in the amount of \$35,729,112 with SDA funding in the amount of \$11,611,488. The total approved cost included renovations and/or new construction for each of our eight schools, including technology updating and ADA compliance costs.

Construction at each of our five elementary schools included a new multipurpose room. Terrill Middle School's construction included the addition of twelve additional classrooms and a new multipurpose room. Additional classrooms were also added to J.A. Coles School. The High School's construction and remodeling included auditorium renovations, the installation of new windows, two elevators, and a second floor bridge between the old and new wings. Park Middle School, our oldest school, received extensive renovations, remodeling, and a new gym. The work at both middle schools permitted us to accommodate the move of the 5th grades from the five elementary schools to the two middle schools.

In April 2007, voters supported a bond referendum to replace the running track and install two artificial turf fields at SPFHS. The contract was awarded in November 2007 and completed in August 2008.

In addition, a facilities study was completed by Potter Architects to address enrollment increases particularly in the middle schools. Based on the information provided, two (2) modular classrooms were installed at Terrill Middle School for the 2008-09 school year.

Technology

During the 2007-08 school year, our district implemented the first year of the 2007-2010 District Technology Plan which included plans for networking, maintenance, technical support, facilities infrastructures, implementation strategies and needs assessment. Given the dynamic changes in the field of technology, the district continues to evaluate its technology infrastructures to support expanding capabilities. We consulted with DynTek, Verizon, and Promedia to develop recommendations for upgrading the current ATM/T1 network and to improve network infrastructure and expanded wireless capabilities in our buildings. During the summer of 2007, the network infrastructure at both middle schools was upgraded. A new wireless system was also installed at those schools along with new servers. Bandwidth to the Internet was increased to support the demand in Internet usage. High School staff continued using CSI Smarts via Citrix for electronic data submission of grades and attendance. Middle School staff started using CSI Smarts via Citrix for grades. The On-line Email Notification System for parents was implemented for school emergency notifications. The district continued to comply with uploading data for the NJ SMARTS. Our technology department also continued to support the expanding use of online grade books, teacher websites and/or blogs and provided professional development in MS Office (Word and Excel), Mac OS X, Smartboards, and iPhoto.

Mathematics

During the 2007-08 school year, a Standard Assessment Guide was utilized by all mathematics teachers grades 6-11. Benchmark assessment tasks were administered in all classes. The purpose of the guide is two fold. First, students receive feedback regarding their performance level in specific domains (Number Sense, Data Analysis, Geometry, and Algebra). Secondly, teachers will utilize the collected student performance data to inform their instruction, assist individual students, and to inform grade level conversations at monthly department meetings.

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
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Language Arts

Renewal of textbook and trade book resources supported instruction including: Shostak Vocabulary Workshop Level B, Enhanced Edition for grade 7, new trade book titles for grade 6 reading program, and Benchmark Assessment System (BAS) kits for all grade 3, 4, and 5 teachers to assess reading skills using the Fountas and Pinnell guided reading program. At the high school level, trade books presently used in all English classes were supplemented due to an increase in student enrollment. In addition, the 12th edition of Perrine's Sound and Sense was purchased for the senior Advanced Placement program. The implementation of the Informational Technology Writing Lab for Grades 7 and 8 began during the 2007-2008 academic year provided these students with an additional class of language arts skill development. The student's schedule alternated between an exploratory class and the writing lab, with students attending each for three alternate days. Thus students attended writing lab all four marking periods which provided an extended sequence to their skill development.

Social Studies

The Social Studies Department appropriated resources to support the curriculum development process in key areas during the 2007-08 school year. Grades 1 and 2 selected two Nystrom programs, Neighborhoods: Near and Far (2007) and Nystronaut Atlas Program (2007), respectively, to serve as the primary resource to guide teaching. A major acquisition occurred at the high school with the introduction of a revamped U.S. History program and subsequent purchase of United States History (2007), published by Prentice Hall. This text will be used for students in grades nine and ten. Lastly, three high school elective social studies courses received new or updated versions of previous texts. The most recent version of Street Law (2005) was purchased for *You and the Law*, while the Philosophy course is using a primary text for the first time, Fundamentals of Philosophy (2006), and AP U.S. History is using Out of Many (2007), both published by Prentice Hall.

Science

Our science curriculum continued to be renewed during 2007-2008. Curriculums were revised and new materials purchased to support instruction including: Life Science and Physical Science Modules for Middle School (McDougal Littell). In addition to textbook adoptions, technology purchases of Vernier Labquest units for data acquisition and analysis as well as a variety of probes have also supported the Science curriculum and classroom instruction.

World Language

World Language instruction was enhanced with the purchase of support materials including cultural audio magazines (authentic realia) in various languages and a variety of visual and audio ancillary materials. Advanced Placement materials were purchased to support student learning and preparation for Advanced Placement examinations. These support materials were used to further develop students' communicative proficiency in the target language while building students' literacy skills and enhancing their ability to make cultural comparisons.

Business Education

The Business Education Department purchased some new resources to support the curriculum development process during the 2007-08 school year. Students in grades 9-12 benefited from a new text Marketing Essentials (2006). Additionally, supplementary workbooks for accounting classes as well as a lab license for Virtual Business Personal Finance software was purchased.

The Honorable President and Members of
the Board of Education
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Character Education

The PALS Program continued in the middle schools for 2007-2008 and Project Adventure continued to be integral to our ninth grade physical education program. In addition, at the elementary level, Developmental Guidance Lessons were refined and implemented through the services of our Resolve Counselors.

Professional Development

In 2007-08 the district continued to provide three days of staff development in September, October and April, as well as optional summer workshop opportunities. Staff development also took place in department and faculty meetings, in district study groups (including Lesson Study), program visitations, and out of district workshops. In August 2007, a three-day orientation program for first year teachers, as well as teachers new to the district, provided guidance for new staff and this support continued through New Teacher Roundtable workshops provided throughout the year.

Our district continued to participate in the New Jersey Performance Assessment Alliance (formerly known as CREATE/BCEE). This alliance is a catalyst for substantive change in the ways we assess and evaluate student achievement. Students in select eighth and ninth/tenth grade classrooms throughout the district participated in a field test of science performance assessment including "Cell Me Your Idea" and "Fish Kill" sponsored by the NJPAA. The teachers whose classes were involved in the field test were provided with four days of professional development focused on the intent, design, and scoring of performance assessments. The eighth grade students completed the "Cell Me Your Idea" prompt which required the students to create an analogy between the structure and function of a cell and a human designed system. The ninth/tenth grade students participated in the "Fish Kill" prompt where they had to analyze data from a lake that had experienced a mass fish kill. Students were provided with dissolved oxygen readings from the site, topographical maps of the surrounding area, and other information from which they had to identify the cause of the problem and create an action plan to address those problems.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 generally accepted accounting principles (GAAP). The internal control system 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) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
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5) BUDGETARY CONTROLS: In addition to internal accounting controls, 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, 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.

7) DEBT ADMINISTRATION: During the 2006/2007 year the voters of the District approved a referendum which authorized debt totaling \$2,000,000. During 2007/2008, the District paid down \$1,555,850 of bond principal related to the 2000/2001 voter approved referendum and issued a \$2,000,000 temporary note. At June 30, 2008, the District had \$17,976,750 in outstanding bonds payable and \$513,359 of capital leases payable.

8) 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 1970 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.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

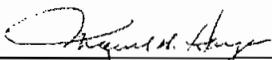
The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Fund is included in Note 11 to the Basic Financial Statements.

The Honorable President and Members of
the Board of Education
Scotch Plains-Fanwood Regional School District
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10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board of Education at its last organization meeting. 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 Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Scotch Plains-Fanwood Regional School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



Dr. Margaret W. Hayes
Superintendent of Schools

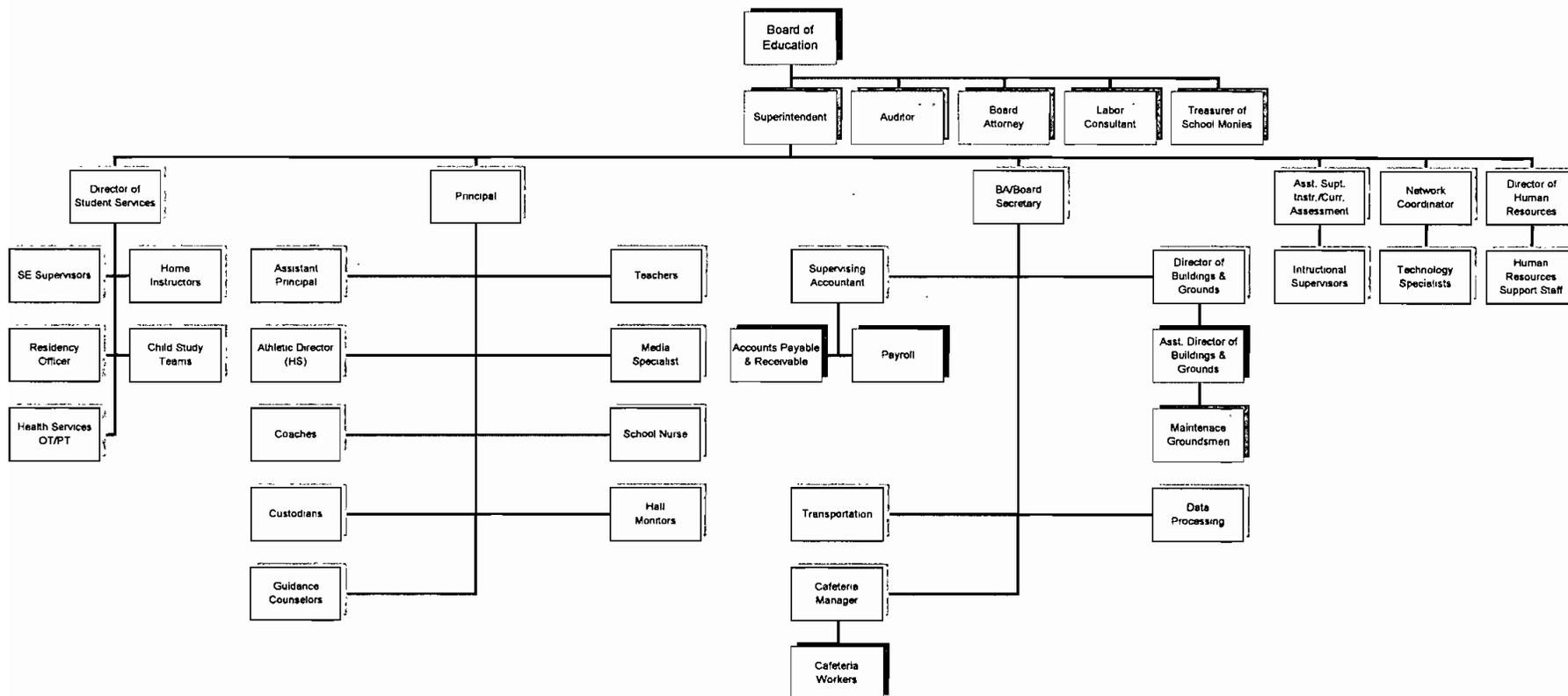


Anthony Del Sordi
School Business Administrator/Board Secretary

Organizational Chart

Scotch Plains-Fanwood Public Schools

2007 - 2008



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2008**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Norman "Trip" Whitehouse, President	2009
Sasha Slocum, Vice President	2011
Nancy Bauer	2010
Jane Costello	2010
Warren McFall	2011
Linda Nelson	2009
Rob O'Connor	2010
Donald Parisi	2011
Betty Anne Woerner	2009

<u>Other Officials</u>	<u>Title</u>
Dr. Margaret W. Hayes	Superintendent of Schools
Anthony Del Sordi	School Business Administrator/Board Secretary
Christine Marie Werner	Treasurer
Casper P. Boehm, Jr.	Board Attorney

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

Nisivoccia & Company LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

Attorney

Casper P. Boehm, Jr., Esq.
Counsellor at Law
PO Box 669
Waretown, NJ 08758-0669

Official Depository

Commerce Bank
245 Park Avenue
Scotch Plains, NJ 07076

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856-1320
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Scotch Plains-Fanwood Regional School District
 County of Union, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Scotch Plains-Fanwood Regional School District in the County of Union as of and for the fiscal year ended June 30, 2008 which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit. The basic financial statements of the Board of Education of the Scotch Plains-Fanwood Regional School District as of June 30, 2007 were audited by another auditor whose report dated November 2, 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Scotch Plains-Fanwood Regional School District in the County of Union as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008 on our consideration of the Board of Education of the Scotch Plains-Fanwood Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

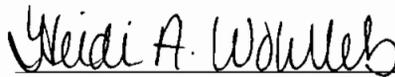
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Scotch Plains-Fanwood Regional School District
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The Management's Discussion and Analysis Section and Budgetary Comparison Information on Exhibits C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Scotch Plains-Fanwood Regional School District's basic financial statements. The accompanying introductory section, other supplementary information, such as the combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules, and the schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mount Arlington, New Jersey
October 31, 2008

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

This section of Scotch Plains-Fanwood Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

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* adopted in June, 1999. Certain comparative information between the current year (2007-2008) and the prior year (2006-2007) is required to be presented in the MD&A.

Financial Highlights

- The District's financial status improved slightly, despite relatively flat state aid for several years.
- Overall revenue was \$84.4 million.
- District enrollment, with the exception of a small decrease in 2007-08, has been increasing over the last few years but the cost per pupil remains relatively stable.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food service and adult continuing community education.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Figure A-1

Organization of Scotch Plains-Fanwood Regional School District's Financial Report

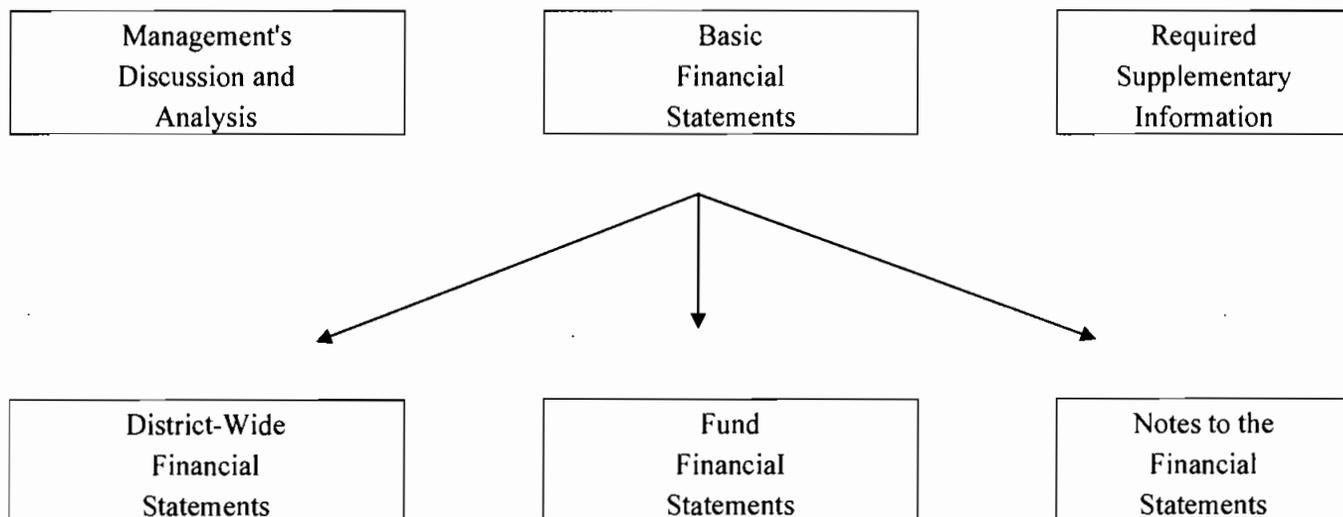


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, and adult continuing community education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and community education funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic 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 basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets were \$20,377,666 on June 30, 2008, \$917,687 or 4.72% more than the year before (See Figure A-3). Net assets invested in capital assets increased by \$2,434,406 due to paydowns of \$1,555,850 of bonded debt and \$551,121 of capital leases, and \$2,259,060 of capitalized expenditures, offset by depreciation of \$1,926,915 and \$4,710 related to governmental and business-type capital assets, respectively. Restricted net assets decreased by \$1,643,099 due to \$2,236,419 in capital improvement expenditures and decreases in legally restricted fund balance of \$149,322, and debt service fund balance of \$10,960, offset by increases in encumbrances of \$118,780 and the capital reserve account of \$288 and \$634,534 of SDA grants revenue realized. Unrestricted net assets increased by \$126,380 due to excess revenue, unexpended budget appropriations and a decrease in interest payable, offset by increases in encumbrances payable and compensated absences payable.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2007/08
	2007/08	2006/07 (Restated)	2007/08	2006/07	2007/08	2006/07 (Restated)	
Current and Other Assets	\$ 6,571,788	\$ 5,343,046	\$ 389,691	\$ 268,548	\$ 6,961,479	\$ 5,611,594	24.06%
Capital Assets, Net	37,658,249	37,326,104	19,018	23,728	37,677,267	37,349,832	0.88%
Total Assets	44,230,037	42,669,150	408,709	292,276	44,638,746	42,961,426	3.90%
Long-Term Debt Outstanding	19,238,918	21,344,087			19,238,918	21,344,087	-9.86%
Other Liabilities	5,014,055	2,153,902	8,107	3,458	5,022,162	2,157,360	132.79%
Total Liabilities	24,252,973	23,497,989	8,107	3,458	24,261,080	23,501,447	3.23%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	19,168,140	16,729,024	19,018	23,728	19,187,158	16,752,752	14.53%
Restricted/(Deficit)	365,656	2,008,755			365,656	2,008,755	-81.80%
Unrestricted	443,268	433,382	381,584	265,090	824,852	698,472	-18.09%
Total Net Assets	\$ 19,977,064	\$ 19,171,161	\$ 400,602	\$ 288,818	\$ 20,377,666	\$ 19,459,979	4.72%

Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Changes in Net Assets. The District's combined net assets increased by \$917,687 or 4.72%. Net assets from governmental activities increased \$805,903 while net assets from business-type activities increased by \$111,784 (See Figure A-4).

The net assets from governmental activities increased primarily due to excess revenue, unexpended budget appropriations and a decrease in interest payable, offset by a slight increase in compensated absences payable. The net increase in business-type activities is due primarily to an increase in food service sales and subsidy reimbursements.

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	Change
Revenue:							
Program Revenue:							
Charges for Services		\$ 46,197	\$ 1,199,787	\$ 1,180,011	\$ 1,199,787	\$ 1,226,208	-2.15%
Grants and Contributions:							
Operating	\$ 13,327,272	13,162,797	217,652	173,465	13,544,924	13,336,262	1.56%
Capital	634,534				634,534		100.00%
General Revenue:							
Property Taxes	67,865,905	64,627,481			67,865,905	64,627,481	5.01%
State Aid	568,314	458,060			568,314	458,060	24.07%
Other	577,901	551,987	7,205	17,159	585,106	569,146	2.80%
Total Revenue	<u>82,973,926</u>	<u>78,846,522</u>	<u>1,424,644</u>	<u>1,370,635</u>	<u>84,398,570</u>	<u>80,217,157</u>	5.21%
Expenses:							
Instruction	43,544,197	41,864,208			43,544,197	41,864,208	4.01%
Pupil and Instruction Services	17,260,962	16,788,856			17,260,962	16,788,856	2.81%
Administration and Business	6,709,925	6,257,096			6,709,925	6,257,096	7.24%
Maintenance and Operations	9,060,286	8,151,273			9,060,286	8,151,273	11.15%
Transportation	3,022,634	2,998,088			3,022,634	2,998,088	0.82%
Other	2,570,019	3,863,997	1,312,860	1,138,569	3,882,879	5,002,566	-22.38%
Total Expenses	<u>82,168,023</u>	<u>79,923,518</u>	<u>1,312,860</u>	<u>1,138,569</u>	<u>83,480,883</u>	<u>81,062,087</u>	2.98%
Increase/(Decrease) in Net Assets	<u>\$ 805,903</u>	<u>\$ (1,076,996)</u>	<u>\$ 111,784</u>	<u>\$ 232,066</u>	<u>\$ 917,687</u>	<u>\$ (844,930)</u>	208.61%

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Revenue Sources. The District's total revenue for the 2007/08 school year was \$84,398,570 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$67,865,905 of the total or 80.41 percent (See Figure A-5). The remaining 19.59 percent of revenue is comprised of 17.38 percent state formula aid and federal and state categorical grants, 1.42 percent charges for services and .79 percent other miscellaneous sources. It is important to note that, included in the \$10,443,368 federal and state categorical grants revenue is over \$4.84 million of funds that are not paid to the District, but are included in funding for Pension that the State of New Jersey is paying on behalf of the District. The Scotch Plains-Fanwood Regional School District primarily conducts its operations from the revenue it receives from its local taxpayers and State aid.

**Figure A-5
Sources of Revenue for Fiscal Year 2008**

Sources of Income:	Amount	Percentage
State Formula Aid	\$ 4,227,693	5.01%
Property Taxes	67,865,905	80.41%
Federal and State Categorical Grants	10,443,368	12.37%
Charges for Services	1,199,787	1.42%
Other	661,817	0.79%
	<u>\$ 84,398,570</u>	<u>100.00%</u>

The total cost of all programs and services was \$83,480,883. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (76.46 percent) (See Figure A-6). The District's administrative and business activities accounted for 8.04 percent of total costs. The most significant contributors to the high cost of maintenance and operations were higher energy costs, including fuel, and insurance. It is important to note that expenses include \$1,926,915 and \$4,710 of depreciation related to governmental and business-type capital assets, respectively.

**Figure A-6
Expenses for Fiscal Year 2008**

Expense Category:	Amount	Percentage
Instruction	\$ 43,544,197	52.16%
Pupil and Instruction Services	17,260,962	20.68%
Administration and Business	6,709,925	8.04%
Maintenance and Operations	9,060,286	10.85%
Transportation	3,022,634	3.62%
Other	3,882,879	4.65%
	<u>\$ 83,480,883</u>	<u>100.00%</u>

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Governmental Activities

The financial position of the District remains more or less stable. Maintaining, existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled pupils and the cost of employee benefits place great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

It is crucial that the District monitor its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at a tighter level than in the past.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2007/2008	2006/2007	2007/2008	2006/2007
Instruction	\$ 43,544,197	\$ 41,864,208	\$ 34,159,272	\$ 32,889,255
Pupil and Instruction Services	17,260,962	16,788,856	15,493,204	14,696,785
Administration and Business	6,709,925	6,257,096	6,029,158	5,568,446
Maintenance and Operations	9,060,286	8,151,273	7,780,908	7,476,970
Transportation	3,022,634	2,998,088	2,173,656	2,219,071
Other	2,570,019	3,863,997	2,570,019	3,863,997
	<u>\$ 82,168,023</u>	<u>\$ 79,923,518</u>	<u>\$ 68,206,217</u>	<u>\$ 66,714,524</u>

- The cost of all governmental activities this year was \$82.17 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$10.23 million).
- Most of the District's costs, however, were financed by District taxpayers (\$67.87 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula (\$4.23 million).
- The remainder of funding came from investment earnings and miscellaneous revenues (\$.58 million).

Business-Type Activities

The net assets of the District's business-type activities increased by \$111,784 due to an increase in the net assets of the food service enterprise fund of \$117,460, offset by a decrease in the net assets of the community education enterprise fund of \$5,676 (Refer to Figure A-4). The net increase is due primarily to an increase in food service sales and subsidy reimbursements.

**Scotch Plains-Fanwood Regional School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)**

Financial Analysis of the District's Funds

The District's financial condition remains relatively stable despite the difficult economic times. Interest from investments had improved in the previous two fiscal years, following record lows in prior fiscal years, but declined slightly during the current fiscal year. The District has had a multi-year practice of utilizing funds from the unappropriated balance to reduce the tax levy. As overall revenue for the District diminishes, the amount of funds generated for this purpose decreases. Ratables of the municipalities remain more or less stable, thus generating concern for the impact on the local taxpayers in the future.

Expense accounts have relatively no contingencies. This is evidenced by the fact that the available balance in 2007/2008 current expense accounts as of June 30, 2008 was \$890,479 of which \$265,398 was encumbered.

Legislation titled "S1701" reduced the amount of allowable unrestricted net assets from 3% to 2% of adjusted expenditures at June 30, 2005 which is approximately \$1,449,000.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	
Sites (Land)	\$ 223,882	\$ 223,882			\$ 223,882	\$ 223,882	0.00%
Buildings and Building Improvements	33,216,945	34,616,456			33,216,945	34,616,456	-4.04%
Machinery and Equipment	2,188,200	2,485,766	\$ 19,018	\$ 23,728	2,207,218	2,509,494	-12.05%
Construction in Progress	2,029,222				2,029,222		100.00%
Total Capital Assets	\$ 37,658,249	\$ 37,326,104	\$ 19,018	\$ 23,728	\$ 37,677,267	\$ 37,349,832	0.88%

The District invested \$2,259,060 in capital assets (\$2,236,419 associated with its authorized capital projects and \$22,641 in equipment purchases) and incurred \$1,926,915 and \$4,710 of depreciation related to governmental and business-type capital assets, respectively. (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,395,834	\$ 363,863	\$ 5,759,697
Internal Balances	20,099	(20,099)	
Receivables from Other Governments	1,078,823	8,365	1,087,188
Other Receivables	18,316	23,190	41,506
Inventory		14,372	14,372
Restricted Assets:			
Capital Reserve Account - Cash	16,686		16,686
Unamortized Bond Issuance Costs, Net	42,030		42,030
Capital Assets, Net:			
Sites (Land) and Construction in Progress	2,253,104		2,253,104
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	35,405,145	19,018	35,424,163
Total Assets	<u>44,230,037</u>	<u>408,709</u>	<u>44,638,746</u>
LIABILITIES			
Current Liabilities:			
Payable to State Government	12,727		12,727
Accounts Payable	895,453	8,107	903,560
Notes Payable	2,000,000		2,000,000
Interest Payable	307,512		307,512
Accrued Liability for Health Benefit Claims	1,568,402		1,568,402
Deferred Revenue	229,961		229,961
Noncurrent Liabilities:			
Due Within One Year	1,815,589		1,815,589
Due Beyond One Year	17,423,329		17,423,329
Total Liabilities	<u>24,252,973</u>	<u>8,107</u>	<u>24,261,080</u>
NET ASSETS (Deficit)			
Invested in Capital Assets, Net of Related Debt	19,168,140	19,018	19,187,158
Restricted for:			
Capital Projects	(507,514)		(507,514)
Other Purposes	873,170		873,170
Unrestricted	443,268	381,584	824,852
Total Net Assets	<u>\$ 19,977,064</u>	<u>\$ 400,602</u>	<u>\$ 20,377,666</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 32,546,072		\$ 3,753,134		\$ (28,792,938)		\$ (28,792,938)
Special Education	8,126,570		5,306,321		(2,820,249)		(2,820,249)
Other Special Instruction	1,148,311		159,524		(988,787)		(988,787)
Other Instruction	1,723,244		165,946		(1,557,298)		(1,557,298)
Support services:							
Tuition	5,190,826				(5,190,826)		(5,190,826)
Student & Instruction Related Services	12,070,136		1,767,758		(10,302,378)		(10,302,378)
General Administrative Services	1,054,929		59,684		(995,245)		(995,245)
School Administrative Services	3,782,650		430,085		(3,352,565)		(3,352,565)
Central Services	1,329,852		135,082		(1,194,770)		(1,194,770)
Administrative Information Technology	542,494		55,916		(486,578)		(486,578)
Plant Operations and Maintenance	9,060,286		644,844	\$ 634,534	(7,780,908)		(7,780,908)
Pupil Transportation	3,022,634		848,978		(2,173,656)		(2,173,656)
Transfer of Funds to Charter Schools	17,284				(17,284)		(17,284)
Interest on Long-Term Debt	856,669				(856,669)		(856,669)
Unallocated Depreciation	1,696,066				(1,696,066)		(1,696,066)
Total Governmental Activities	82,168,023	\$ -0-	13,327,272	\$ 634,534	(68,206,217)		(68,206,217)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,237,042	\$ 1,129,645				\$ (107,397)	\$ (107,397)
Community Education	75,818	70,142	\$ 217,652			211,976	211,976
Total Business-Type Activities	1,312,860	1,199,787	217,652			104,579	104,579
Total Primary Government	\$ 83,480,883	\$ 1,199,787	\$ 13,544,924	\$ 634,534	\$ (68,206,217)	104,579	(68,101,638)
General Revenues:							
Taxes:							
					65,455,759		65,455,759
					2,410,146		2,410,146
					568,314		568,314
					293,172	7,205	300,377
					284,729		284,729
					69,012,120	7,205	69,019,325
					805,903	111,784	917,687
					19,171,161	288,818	19,459,979
					\$ 19,977,064	\$ 400,602	\$ 20,377,666

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projcets Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,497,405	\$ 244,626	\$ 1,653,803	\$ 5,395,834
Interfund Receivable	20,099			20,099
Receivables from Other Governments	438,307	5,982	634,534	1,078,823
Other Receivables	5,499	12,817		18,316
Restricted Cash and Cash Equivalents	16,686			16,686
Total Assets	\$ 3,977,996	\$ 263,425	\$ 2,288,337	\$ 6,529,758
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payable to State Government		\$ 12,727		\$ 12,727
Accounts Payable	\$ 62,179	20,737	\$ 812,537	895,453
Notes Payable			2,000,000	2,000,000
Accrued Liability for Health Benefit Claims	1,568,402			1,568,402
Deferred Revenue		229,961		229,961
Total Liabilities	1,630,581	263,425	2,812,537	4,706,543
Fund Balances:				
Reserved for:				
Encumbrances	265,398		349,902	615,300
Capital Reserve Account	16,686			16,686
Excess Surplus - Designated for Subsequent Year's Expenditures	607,772			607,772
Unreserved, Reported in:				
Designated for Subsequent Year's Expenditures	227,704		(874,102)	(646,398)
General Fund	1,229,855			1,229,855
Total Fund Balances	2,347,415		(524,200)	1,823,215
Total Liabilities and Fund Balances	\$ 3,977,996	\$ 263,425	\$ 2,288,337	\$ 6,529,758

Amounts reported for *Governmental Activities* in the Statement of Net Assets (A-1) are different because:

Total Fund Balances (Above)	\$ 1,823,215
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is \$132,714,868 and the accumulated depreciation is \$95,056,619.	37,658,249
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds (see Note 7)	(19,238,918)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(307,512)
Bond Issuance costs are reported as expenditures in the Funds. These costs total \$76,228 and the accumulated amortization is \$34,198.	42,030
Net Assets of Governmental Activities	\$ 19,977,064

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 65,455,759			\$ 2,410,146	\$ 67,865,905
Miscellaneous Revenues	571,148	\$ 76,711			647,859
Total - Local Sources	66,026,907	76,711		2,410,146	68,513,764
State Sources	11,806,999	532,364	\$ 634,534		12,973,897
Federal Sources		1,479,512			1,479,512
Total Revenues	77,833,906	2,088,587	634,534	2,410,146	82,967,173
EXPENDITURES					
Current:					
Regular Instruction	22,843,588	162,482			23,006,070
Special Education Instruction	4,758,997	1,310,108			6,069,105
Other Special Instruction	800,617				800,617
Other Instruction	1,284,472				1,284,472
Support Services and Undistributed Costs:					
Tuition	5,190,826				5,190,826
Student & Instruction Related Services	8,339,788	615,997			8,955,785
General Administrative Services	864,174				864,174
School Administrative Services	2,645,341				2,645,341
Central Services	972,279				972,279
Administration Information Technology	394,652				394,652
Plant Operations and Maintenance	6,609,710				6,609,710
Pupil Transportation	2,836,576				2,836,576
Unallocated Benefits	19,048,824				19,048,824
Debt Service:					
Principal				1,555,850	1,555,850
Interest and Other Charges				865,256	865,256
Capital Outlay	1,260,684		2,236,419		3,497,103
Transfer of Funds to Charter Schools	17,284				17,284
Total Expenditures	77,867,812	2,088,587	2,236,419	2,421,106	84,613,924
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(33,906)		(1,601,885)	(10,960)	(1,646,751)
OTHER FINANCING SOURCES/(USES)					
Premium on Temporary Note			6,753		6,753
Transfers In	6,753				6,753
Transfers Out			(6,753)		(6,753)
Total Other Financing Sources/(Uses)	6,753				6,753
Net Change in Fund Balances	(27,153)	-0-	(1,601,885)	(10,960)	(1,639,998)
Fund Balance - July 1 (Restated)	2,374,568	-0-	1,077,685	10,960	3,463,213
Fund Balance - June 30	\$ 2,347,415	\$ -0-	\$ (524,200)	\$ -0-	\$ 1,823,215

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL 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, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,639,998)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$(1,926,915)	
	Capital outlays	<u>2,259,060</u>	332,145

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 551,121

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,555,850

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 12,662

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). 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 (+). (1,802)

The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-) (4,075)

Change in Net Assets of Governmental Activities \$ 805,903

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2008

	<u>Business-type Activities - Enterprise Funds Non-Major Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 363,863
Accounts Receivable:	
Other Governments:	
Federal	7,511
State	854
Other	23,190
Inventories	14,372
Total Current Assets	409,790
Non-Current Assets:	
Capital Assets	161,219
Less: Accumulated Depreciation	(142,201)
Total Non-Current Assets	19,018
Total Assets	428,808
LIABILITIES:	
Current Liabilities:	
Accounts Payable	8,107
Interfund Payable - General Fund	20,099
Total Current Liabilities	28,206
Total Liabilities	28,206
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	19,018
Unrestricted	381,584
Total Net Assets	\$ 400,602

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Business-type Activities - Enterprise Funds Non-Major Funds</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 677,081
Daily Sales - Non-Reimbursable Programs	429,301
Special Events	23,263
Program Fees	<u>70,142</u>
Total Operating Revenue	<u>1,199,787</u>
Operating Expenses:	
Cost of Sales	515,979
Salaries	544,125
Payroll Taxes	50,018
Employee Benefits	33,228
Purchased Property Services	106,276
Supplies and Materials	56,291
Other Objects	2,233
Depreciation Expense	<u>4,710</u>
Total Operating Expenses	<u>1,312,860</u>
Operating Loss	(113,073)
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	126,152
Special Milk Program	5,389
Food Distribution Program	71,069
State Sources:	
School Lunch Program	15,042
Local Sources:	
Interest Revenue	<u>7,205</u>
Total Non-Operating Revenue	<u>224,857</u>
Change in Net Assets	111,784
Net Assets - Beginning of Year	<u>288,818</u>
Net Assets - End of Year	<u>\$ 400,602</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds Non-Major Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,196,137
Payments to Employees	(188,863)
Payments to Food Service Vendor	(1,029,176)
Payments to Suppliers	(55,872)
Net Cash Used for Operating Activities	<u>(77,774)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	148,552
State Sources	16,927
Net Cash Provided by Noncapital Financing Activities	<u>165,479</u>
Cash Flows from Investing Activities:	
Interest Revenue	7,205
Net Cash Provided by Investing Activities	<u>7,205</u>
Net Increase in Cash and Cash Equivalents	94,910
Cash and Cash Equivalents, July 1	<u>268,953</u>
Cash and Cash Equivalents, June 30	<u>\$ 363,863</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (113,073)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	4,710
Federal Food Distribution Program	71,069
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(3,650)
(Increase) in Inventory	(6,578)
Increase in Accounts Payable	4,649
(Decrease) in Interfund Payable	(34,901)
Net Cash Used for Operating Activities	<u>\$ (77,774)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$71,069 for the fiscal year ended June 30, 2008.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 456,338	\$ 186,495
Investments	<u>105,382</u>	<u> </u>
Total Assets	<u>561,720</u>	<u>186,495</u>
LIABILITIES:		
Payroll Deductions and Withholdings	297,763	<u> </u>
Due to Student Groups	<u>263,957</u>	<u> </u>
Total Liabilities	<u>561,720</u>	<u>-0-</u>
NET ASSETS:		
Held in Trust for:		
Unemployment Claims	<u> </u>	<u>186,495</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 186,495</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 91,286
Total Contributions	<u>91,286</u>
Investment Earnings:	
Interest	<u>3,926</u>
Net Investment Earnings	<u>3,926</u>
Total Additions	<u>95,212</u>
DEDUCTIONS:	
Quarterly Contribution Reports	<u>119,338</u>
Total Deductions	<u>119,338</u>
Change in Net Assets	(24,126)
Net Assets - Beginning of the Year	<u>210,621</u>
Net Assets - End of the Year	<u><u>\$ 186,495</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Scotch Plains-Fanwood Regional School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include five elementary schools, two middle schools and one high school which comprise the Scotch Plains-Fanwood Regional School District. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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 requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. 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 believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following 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 noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

Capital Projects Fund: 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 bonds issued to finance major property acquisition, construction and improvement programs.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

Enterprise (Food Service and Community Education) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and adult continuing community education operations. The food service and adult continuing community education 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service and Adult Continuing Community Education Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payment for the current year. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 77,846,511	\$ 2,111,023
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP basis does not.		
Current Year Encumbrances		(26,631)
Cancellation of Prior Year Encumbrances		(1,189)
Prior Year Encumbrances		5,384
State aid payment recognized for GAAP statements, not recognized for budgetary purposes	187,108	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>(199,713)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 77,833,906</u>	<u>\$ 2,088,587</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,867,812	\$ 2,111,023
Differences - Budget to GAAP:		
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.		
Current Year Encumbrances		(26,631)
Cancellation of Prior Year Encumbrances		(1,189)
Prior Year Encumbrances		5,384
	\$ 77,867,812	\$ 2,088,587
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 77,867,812	\$ 2,088,587
	Capital Projects Fund	Fund
	Revenue	Balance
Revenue and Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ - 0 -	\$ (524,200)
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants Recognized/(Not Recognized) on GAAP Basis	634,534	- 0 -
Revenue and Fund Balance per Governmental Funds (GAAP)	\$ 634,534	\$ (524,200)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure 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 reservations of 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 fund for which the District has received advances are reflected in the balance sheet as deferred revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Building Improvements	20 to 30 years
Machinery and Equipment	10 to 15 years
Office and Computer Equipment	5 to 10 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2008.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. 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.

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 full 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.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,347,415 General Fund balance at June 30, 2008, \$265,398 is reserved for encumbrances; \$16,686 is reserved in the capital reserve account; \$607,772 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), all of which was included as anticipated revenue for the year ending June 30, 2009; \$227,704 is unreserved and designated for subsequent year's expenditures; and \$1,229,855 is unreserved and undesignated which is \$199,713 less on the GAAP basis than the calculated maximum unreserved fund balance due to the final State Aid payment that is not recognized until the fiscal year ending June 30, 2009.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2008 of \$(524,200) consists of \$349,902 reserved for encumbrances and \$(874,102) unreserved and designated for subsequent year's expenditures.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had prior year excess surplus at June 30, 2008 as described above.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$199,713 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payment and not the fund balance reported on the fund statement which excludes the last state aid payment.

Q. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, excess surplus and capital as defined by State law.

R. Deficit Fund Balances/Net Assets:

The deficit in the Capital Projects Fund fund balance of \$(524,200) is due to the \$2,000,000 temporary note which has not been permanently financed as of June 30, 2008 for the local share of the project to replace the running track and install two artificial turf fields at Scotch Plains-Fanwood High School. There is a \$(507,514) deficit in net assets restricted for capital projects in Governmental Activities. This deficit does not indicate that the District is in financial difficulties and is permitted practice under generally accepted accounting principles.

S. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

T. Revenue - Exchange and Nonexchange 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School 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 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. For the School District, these revenues are sales for food service and tuition for community education. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

Investments:

New Jersey statutes permit the District to purchase the following types 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;
- (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, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (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 statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2008, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Capital Reserve Account</u>	<u>Total</u>
Checking Accounts	\$ 4,814,836		\$ 16,686	\$ 4,831,522
Certificates of Deposit		\$ 105,382		105,382
MBIA	1,587,694			1,587,694
	<u>\$ 6,402,530</u>	<u>\$ 105,382</u>	<u>\$ 16,686</u>	<u>\$ 6,524,598</u>

During the period ended June 30, 2008, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2008 was \$6,524,598 and the bank balance was \$7,840,263. The \$1,587,694 in MBIA is uninsured and unregistered. The carrying amount of the Board's cash and cash equivalents and investments, restated, at June 30, 2007 was \$5,841,198 and the bank balance was \$8,056,154, including \$1,544,773 in MBIA which was uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board 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 State 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 of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2007 to June 30, 2008 fiscal year is as follows:

Beginning Balance, July 1, 2007	\$ 16,398
Interest Earnings	288
Deposits	-0-
Withdrawals	-0-
	<hr/>
Ending Balance, June 30, 2008	<u>\$ 16,686</u>

The balance in the capital reserve account at June 30, 2008 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2008, the District transferred \$169,050, net, to the capital outlay accounts. \$172,000 of the transfers related to facilities acquisition and construction services for which approval was obtained from the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2008 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 223,882			\$ 223,882
Construction in Progress		\$ 2,029,222		2,029,222
Total Capital Assets Not Being Depreciated	<hr/> 223,882	<hr/> 2,029,222		<hr/> 2,253,104
Capital Assets Being Depreciated:				
Buildings and Building Improvements	115,750,694	207,197		115,957,891
Land Improvements	9,408,618			9,408,618
Machinery and Equipment	5,072,614	22,641		5,095,255
Total Capital Assets Being Depreciated	<hr/> 130,231,926	<hr/> 229,838		<hr/> 130,461,764
Governmental Activities Capital Assets	<hr/> 130,455,808	<hr/> 2,259,060		<hr/> 132,714,868
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(81,134,238)	(1,606,708)		(82,740,946)
Land Improvements	(9,408,618)			(9,408,618)
Machinery and Equipment	(2,586,848)	(320,207)		(2,907,055)
	<hr/> (93,129,704)	<hr/> (1,926,915)		<hr/> (95,056,619)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<hr/> \$ 37,326,104	<hr/> \$ 332,145	<hr/> \$ -0-	<hr/> \$ 37,658,249

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 161,219			\$ 161,219
Less Accumulated Depreciation	(137,491)	\$ (4,710)		(142,201)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 23,728</u>	<u>\$ (4,710)</u>	<u>\$ -0-</u>	<u>\$ 19,018</u>

The increases totaling \$2,259,060 represent current year capitalized expenditures in the general and capital projects funds. The District had active construction projects totaling \$1,475,800 as of June 30, 2008, including \$349,902 in outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 45,313
Student and Instruction Related Services	49,166
General Administrative Services	32,762
Plant Operations and Maintenance	78,717
Pupil Transportation	24,891
Unallocated	<u>1,696,066</u>
	<u>\$ 1,926,915</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2008, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2007</u>	<u>Added</u>	<u>Retired</u>	<u>Balance 6/30/2008</u>
Serial Bonds Payable	\$ 19,532,600		\$ 1,555,850	\$ 17,976,750
Compensated Absences Payable	747,007	\$ 82,268	80,466	748,809
Capital Leases Payable	1,064,480		551,121	513,359
	<u>\$ 21,344,087</u>	<u>\$ 82,268</u>	<u>\$ 2,187,437</u>	<u>\$ 19,238,918</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2008 as follows:

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
07/15/93	07/15/08	4.70%	\$ 339,000
05/01/01	11/01/21	4.375% - 5.00%	6,300,000
01/01/02	07/15/22	4.00% - 4.75%	11,337,750
			<u>\$ 17,976,750</u>

Principal and interest due on the District's serial bonds outstanding is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,544,850	\$ 799,144	\$ 2,343,994
2010	1,205,850	740,311	1,946,161
2011	1,205,850	687,933	1,893,783
2012	1,205,850	634,610	1,840,460
2013	1,205,850	580,628	1,786,478
Thereafter:			
2014-2018	6,029,250	525,892	6,555,142
2019-2023	5,579,250	2,164,785	7,744,035
	<u>\$ 17,976,750</u>	<u>\$ 6,133,303</u>	<u>\$ 24,110,053</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2008, the Board had \$2,000,000 of bonds authorized but not issued.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District has two capital leases payable for computer equipment and maintenance vehicles. The leases are for four years and five years with the final payments occurring in fiscal years 2008-09 and 2010-11, respectively. The following is a schedule of the future minimum lease payments under the District's capital leases and the present value of the net minimum lease payments at June 30, 2008.

<u>Year</u>	<u>Amount</u>
2009	\$ 278,000
2010	135,000
2011	135,000
	<u>548,000</u>
Less: Amount representing interest	<u>(34,641)</u>
Present value of net minimum lease payments	<u>\$ 513,359</u>

The current portion of capital leases payable at June 30, 2008 is \$258,663 and the long-term portion is \$254,696. The General Fund will be used to liquidate other long-term liabilities which include capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of compensated absences payable at June 30, 2008 is \$12,076 and the long-term portion is \$736,733.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2008, no liability existed for compensated absences in the Proprietary Funds.

NOTE 8. BOND ANTICIPATION NOTES

At June 30, 2008, the District had bond anticipation notes outstanding as detailed below:

<u>Final Maturity</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Amount</u>
6/11/2009	Track and Field Improvements	2.50%	<u>\$ 2,000,000</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 9. PENSION PLANS

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

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend for TPAF (Paid on-behalf of District)			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 2,186,496	100.00%	\$ 2,186,496
2007	2,269,371	100.00%	2,269,371
2006	309,531	100.00%	309,531

During the fiscal year ended June 30, 2008, the State of New Jersey contributed \$2,186,496 to the TPAF for normal pension benefits on behalf of the District. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Three-Year Trend for PERS			
Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 604,635	80.00%	\$ 483,708
2007	443,007	60.00%	265,804
2006	346,023	40.00%	138,409

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of the post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement medical (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members for Fiscal Year 2007.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$2,661,166, \$2,562,988 and \$2,568,688 for 2008, 2007 and 2006, respectively.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

The Scotch Plains-Fanwood Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund provides general liability, property and automobile coverage for its members. The District is also a member of the South Bergen Region VII Worker's Compensation Pool (the "Pool") through which the District is provided workers' compensation coverage. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the Pool are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund and the Pool are elected.

As a member of the Fund and the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund or the Pool were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund and the Pool can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Fund as of June 30, 2007 is as follows:

	<u>School Alliance Insurance Fund (SAIF)</u>
Total Assets	<u>\$ 29,139,748</u>
Net Assets	<u>\$ 11,721,627</u>
Total Revenue	<u>\$ 27,753,607</u>
Total Expenses	<u>\$ 26,696,178</u>
Change in Net Assets for the Year Ended June 30	<u>\$ 1,057,429</u>
Net Assets Distribution to Participating Members	<u>\$ -0-</u>

The financial information for the Pool was not available as of the date of this report.

Financial statements for the Fund and the Pool are available at the Fund's Executive Directors' Offices:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

Bergen Risk Managers, Inc.
417 Boulevard
P.O. Box 42
Hasbrouck Heights, NJ 07641
(201) 288-8844

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ -0-	\$ 3,926	\$ 91,286	\$ 119,338	\$ 186,495
2006-2007	100,000	3,110	84,373	64,587	210,621
2005-2006	-0-	5,277	92,598	153,801	87,725

NOTE 12. HEALTH BENEFITS INSURANCE

The District currently maintains medical and dental health care insurance with Connecticut General Life Insurance Company ("CIGNA"). The insurance plan is a traditionally funded, fully participating plan whereby the District participates in any margins or losses generated by claims experience and holds reserves for its estimated liability for incurred but not reported claims which are calculated by CIGNA's actuary.

The accrued liability for health benefits claims represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the District, various other industry statistics, including the effects of inflation and other societal or economic factors, and the District's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance or reinsurance. The District has created a loss reserve for any potential unreported losses which have taken place but for which the District has not received notices or reports of losses. Loss reserves, which have been estimated by the claims administrator, are as follows:

	<u>2008</u>
Accrued Liability for Health Benefits Claims, July 1	\$ 1,599,217
Incurred Claims and Claims Adjustments Expenses	<u>7,077,754</u>
	8,676,971
Paid Claims and Claims Adjustments Expenses	<u>(7,108,569)</u>
Accrued Liability for Health Benefits Claims, June 30	<u><u>\$ 1,568,402</u></u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2008:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 20,099	
Proprietary Fund		\$ 20,099
	<u>\$ 20,099</u>	<u>\$ 20,099</u>

During the fiscal year ended June 30, 2008, \$6,753, received as a premium on a temporary note issued, was transferred from the Capital Projects Fund to the General Fund. The interfund between the General and Proprietary Funds is comprised of on-behalf expenditures disbursed by the General Fund but not remitted by the Food Service Fund as of June 30, 2008.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

403(b)

- AIG-Retirement (Variable Annuity Life Insurance Company)
- AXA Equitable Life Assurance, Equi-Vest
- Fidelity Investments
- Financial Resources c/o TDS Group
- First Investors Corp.
- Lincoln Investments
- Lincoln Financial
- Resources Trust
- Siracusa
- Wachovia Securities, Inc.

457

- MetLife

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District adjusted the SDA grants receivable in its governmental activities and governmental funds as of June 30, 2007 to exclude grant monies for which reimbursement had not yet been requested. An adjustment was made with regard to the net assets in the District's governmental activities as of June 30, 2007 to reclassify compensated absences payable as an adjustment to net assets from Invested in Capital Assets, Net of Related Debt to Unrestricted Net Assets. Also, the District adjusted the net assets in the fiduciary fund to reclassify student activity agency fund investments in certificates of deposit from cash and cash equivalents and recorded additional interest on the same which had not been recorded as of June 30, 2007. As a result, the District's financial statements as of June 30, 2007 have been restated as follows:

	Balance 6/30/2007 as Previously Reported	Retroactive Adjustments	Balance 6/30/2007 Restated
<u>Statement of Net Assets - Governmental Activities:</u>			
Assets:			
Receivables from Other Governments	\$ 1,093,225	\$ (634,534)	\$ 458,691
Net Assets:			
Invested in Capital Assets, Net of Related Debt	16,028,122	700,902	16,729,024
Restricted	2,643,289	(634,534)	2,008,755
Unrestricted	1,134,284	(700,902)	433,382
<u>Statement of Revenue, Expenditures, and</u>			
<u>Changes in Fund Balances</u>			
Capital Projects Fund - Fund Balance	\$ 4,097,749	\$ (634,534)	\$ 3,463,215
Fund Balance - June 30 (All Governmental Funds)	1,712,219	(634,534)	1,077,685
<u>Statement of Fiduciary Net Assets - Fiduciary Fund:</u>			
<u>Agency:</u>			
Assets:			
Cash and Cash Equivalents	\$ 607,776	\$ (76,842)	\$ 530,934
Investments		102,937	102,937
Liabilities:			
Due to Student Groups	259,450	26,095	285,545

NOTE 17. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 17. TAX CALENDAR (Cont'd)

Taxes are collected by the constituent municipalities and are remitted to the local and regional school districts on a predetermined mutually agreed-upon schedule.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2008:

	Governmental Activities			Total Governmental Funds	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Proprietary Funds
Vendors	\$ 62,179	\$ 1,038	\$ 812,537	\$ 875,754	\$ 8,107
Due to Other Governmental Units		19,699		19,699	
	<u>\$ 62,179</u>	<u>\$ 20,737</u>	<u>\$ 812,537</u>	<u>\$ 895,453</u>	<u>\$ 8,107</u>

NOTE 19. CONTINGENCIES

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$15,117,000 School Bonds dated February 1, 2002 and its \$9,000,000 School Bonds dated May 1, 2001. The amount of liability at June 30, 2008, if any, is unknown.

BUDGETARY COMPARISON SCHEDULES

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 65,455,759		\$ 65,455,759	\$ 65,455,759	
Interest Earned on Capital Reserve Funds				288	\$ 288
Unrestricted Miscellaneous Revenues	575,000		575,000	570,860	(4,140)
Total - Local Sources	66,030,759		66,030,759	66,026,907	(3,852)
State Sources:					
Transportation Aid	715,918		715,918	715,918	
Special Education Aid	2,936,944		2,936,944	2,936,944	
Bilingual Education	28,086		28,086	28,086	
Consolidated Aid	315,939		315,939	315,939	
Additional Formula Aid	243,411		243,411	243,411	
Teacher Quality Mentoring				14,699	14,699
Post School Outcomes		\$ 800	800	800	
Nonpublic School Transportation Costs		37,236	37,236	73,292	36,056
Extraordinary Special Education Costs Aid		286,028	286,028	286,028	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				2,661,166	2,661,166
TPAF Pension (On-Behalf - Non-Budgeted)				2,186,496	2,186,496
TPAF Social Security (Reimbursed - Non-Budgeted)				2,356,825	2,356,825
Total State Sources	\$ 4,240,298	324,064	\$ 4,564,362	11,819,604	7,255,242
TOTAL REVENUES	\$ 70,271,057	324,064	70,595,121	77,846,511	7,251,390

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 66,476	\$ 250	\$ 66,726	\$ 66,722	\$ 4
Kindergarten - Salaries of Teachers	649,337	(97,020)	552,317	552,135	182
Grades 1-5 - Salaries of Teachers	8,410,364	89,947	8,500,311	8,500,311	
Grades 6-8 - Salaries of Teachers	5,712,227	377,400	6,089,627	6,082,593	7,034
Grades 9-12 - Salaries of Teachers	6,484,848	(210,897)	6,273,951	6,273,950	1
Regular Programs - Home Instruction:					
Salaries of Teachers	60,000	56,780	116,780	116,778	2
General Supplies		1,880	1,880	700	1,180
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	62,450	(1,300)	61,150	60,567	583
Purchased Technical Services	6,400	81,740	88,140	87,129	1,011
Other Purchased Services (400-500 series)	80,246	(45,975)	34,271	30,108	4,163
General Supplies	879,275	(67,553)	811,722	791,480	20,242
Textbooks	255,572	(48,000)	207,572	204,668	2,904
Other Objects	43,378	34,575	77,953	76,447	1,506
Total Regular Programs - Instruction	22,710,573	171,827	22,882,400	22,843,588	38,812
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	165,568	(115,623)	49,945	49,945	
Other Salaries for Instruction	39,261	3,355	42,616	42,616	
General Supplies	5,082	12	5,094	5,086	8
Textbooks	1,500		1,500	1,486	14
Total Learning and/or Language Disabilities	211,411	(112,256)	99,155	99,133	22

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,510,090	\$ (200,751)	\$ 3,309,339	\$ 3,309,336	\$ 3
Other Salaries for Instruction	282,981	58,953	341,934	341,930	4
Purchased Technical Services	1,065	(110)	955	927	28
General Supplies	6,025	(3)	6,022	5,962	60
Textbooks	4,585	13	4,598	4,536	62
Total Resource Room/Resource Center	3,804,746	(141,898)	3,662,848	3,662,691	157
Autism:					
Salaries of Teachers	159,221	(465)	158,756	158,748	8
Other Salaries for Instruction	72,174	12,375	84,549	84,544	5
Purchased Professional - Educational Services	65,000	(18,090)	46,910	46,905	5
Purchased Technical Services	1,138	(96)	1,042	972	70
General Supplies	9,516	6	9,522	9,323	199
Textbooks	2,153	184	2,337	2,328	9
Total Autism	309,202	(6,086)	303,116	302,820	296
Preschool Disabilities - Part-Time:					
Salaries of Teachers	424,007	(32,323)	391,684	391,425	259
Other Salaries for Instruction	97,090	15,214	112,304	112,293	11
Total Preschool Disabilities - Part-Time	521,097	(17,109)	503,988	503,718	270

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 49,986	\$ 55,220	\$ 105,206	\$ 105,182	\$ 24
Other Salaries for Instruction	104,620	(21,607)	83,013	83,012	1
Other Purchased Services (400-500 series)	100		100	9	91
General Supplies	2,500		2,500	2,432	68
Total Preschool Disabilities - Full-Time	<u>157,206</u>	<u>33,613</u>	<u>190,819</u>	<u>190,635</u>	<u>184</u>
Total Special Education Instruction	<u>5,003,662</u>	<u>(243,736)</u>	<u>4,759,926</u>	<u>4,758,997</u>	<u>929</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	765,930	(48,989)	716,941	716,940	1
Other Purchased Services (400-500 series)	900	(900)			
General Supplies	10,636	(700)	9,936	9,879	57
Other Objects	1,100	(1,025)	75	56	19
Total Basic Skills/Remedial - Instruction	<u>778,566</u>	<u>(51,614)</u>	<u>726,952</u>	<u>726,875</u>	<u>77</u>
Bilingual Education - Instruction:					
Salaries of Teachers	73,998		73,998	73,742	256
General Supplies	400		400		400
Total Bilingual Education - Instruction	<u>74,398</u>		<u>74,398</u>	<u>73,742</u>	<u>656</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 255,824	\$ 14,505	\$ 270,329	\$ 263,217	\$ 7,112
Purchased Services (300-500 series)	3,900	(61)	3,839	3,344	495
Supplies and Materials	55,000	800	55,800	55,772	28
Other Objects	10,600		10,600	10,552	48
Total School-Sponsored Cocurricular Activities - Instruction	325,324	15,244	340,568	332,885	7,683
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	700,911	(6,500)	694,411	694,209	202
Purchased Services (300-500 series)	141,264	3,955	145,219	134,570	10,649
Supplies and Materials	67,684	(244)	67,440	64,185	3,255
Other Objects	26,279	(6,720)	19,559	18,125	1,434
Total School-Sponsored Cocurricular Athletics - Instruction	936,138	(9,509)	926,629	911,089	15,540
Community Services Programs/Operations:					
Salaries	45,198		45,198	40,498	4,700
Total Community Services Programs/Operations	45,198		45,198	40,498	4,700
Total Instruction	29,873,859	(117,788)	29,756,071	29,687,674	68,397

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 1,623,715	\$ (82,290)	\$ 1,541,425	\$ 1,537,390	\$ 4,035
Tuition to County Vocational Schools - Regular	450,500	46,000	496,500	445,400	51,100
Tuition to County Vocational Schools - Special	30,000	6,000	36,000	31,600	4,400
Tuition to County Special Services Schools and Regional Day Schools	10,000	(6,980)	3,020	1,199	1,821
Tuition to Private Schools for the Disabled - Within the State	2,788,644	341,393	3,130,037	3,105,174	24,863
Tuition - State Facilities	60,000	(13,980)	46,020		46,020
Tuition - Other	7,216	67,440	74,656	70,063	4,593
Total Undistributed Expenditures - Instruction	4,970,075	357,583	5,327,658	5,190,826	136,832
Attendance and Social Work Services:					
Salaries	96,858	1	96,859	96,858	1
Total Attendance and Social Work Services	96,858	1	96,859	96,858	1
Health Services:					
Salaries	629,704	6,105	635,809	635,744	65
Purchased Professional and Technical Services	100,000	15,785	115,785	106,932	8,853
Other Purchased Services (400-500 series)	600		600	310	290
Supplies and Materials	8,500	110	8,610	8,610	
Other Objects	500	(110)	390	375	15
Total Health Services	739,304	21,890	761,194	751,971	9,223

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Related Services:					
Salaries	\$ 642,239	\$ 275	\$ 642,514	\$ 642,319	\$ 195
Purchased Professional - Educational Services	475,000	210,924	685,924	661,973	23,951
Supplies and Materials	4,444	1,720	6,164	4,938	1,226
Total Other Support Services - Students - Related Services	<u>1,121,683</u>	<u>212,919</u>	<u>1,334,602</u>	<u>1,309,230</u>	<u>25,372</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	572,865	106,000	678,865	672,630	6,235
Total Other Support Services - Students - Extraordinary Services	<u>572,865</u>	<u>106,000</u>	<u>678,865</u>	<u>672,630</u>	<u>6,235</u>
Other Support Services - Students - Regular Services:					
Salaries of Other Professional Staff	871,533	(26,980)	844,553	844,553	
Salaries of Secretarial and Clerical Assistants	361,949	(18,645)	343,304	343,302	2
Other Salaries	40,800	(37,300)	3,500	3,444	56
Other Purchased Professional and Technical Services	10,000	(1,850)	8,150	8,104	46
Other Purchased Services (400-500 series)	2,000	(900)	1,100	1,015	85
Supplies and Materials	83,990	(25,830)	58,160	47,303	10,857
Other Objects	450		450	209	241
Total Other Support Services - Students - Regular Services	<u>1,370,722</u>	<u>(111,505)</u>	<u>1,259,217</u>	<u>1,247,930</u>	<u>11,287</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	\$ 1,046,054	\$ 121,074	\$ 1,167,128	\$ 1,167,115	\$ 13
Salaries of Secretarial and Clerical Assistants	230,344	650	230,994	230,962	32
Other Salaries	25,000	(24,825)	175		175
Purchased Professional - Educational Services	10,000	15,646	25,646	25,645	1
Other Purchased Professional and Technical Services	3,000		3,000	2,987	13
Miscellaneous Purchased Services	6,228	75	6,303	6,155	148
Supplies and Materials	10,016	(500)	9,516	9,390	126
Other Objects	1,250		1,250	982	268
Total Other Support Services - Students - Special Services	1,331,892	112,120	1,444,012	1,443,236	776
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	568,035	(34,550)	533,485	533,465	20
Salaries of Other Professional Staff	83,741	(26,985)	56,756	56,752	4
Salaries of Secretarial and Clerical Assistants	140,714	(900)	139,814	139,767	47
Other Salaries	23,352	(2,680)	20,672	20,671	1
Purchased Professional - Educational Services	17,500	1,042	18,542	18,481	61
Supplies and Materials	60,000	(3,302)	56,698	56,285	413
Other Objects	3,760		3,760	1,871	1,889
Total Improvement of Instructional Services	897,102	(67,375)	829,727	827,292	2,435

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 678,392	\$ 8,680	\$ 687,072	\$ 687,070	\$ 2
Purchased Professional and Technical Services	3,000	(260)	2,740	1,925	815
Other Purchased Services (400-500 series)	100		100		100
Supplies and Materials	99,860	(2,345)	97,515	92,704	4,811
Other Objects	1,800		1,800	1,654	146
Total Educational Media Services/School Library	783,152	6,075	789,227	783,353	5,874
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	880,852	(84,125)	796,727	796,720	7
Salaries of Other Professional Staff	38,308	(24,770)	13,538	13,536	2
Salaries of Secretarial and Clerical Assistants	47,150	(1,230)	45,920	44,686	1,234
Purchased Professional - Educational Services	349,305	(7,300)	342,005	334,799	7,206
Other Purchased Services (400-500 series)		150	150	5	145
Other Objects	21,350		21,350	17,542	3,808
Total Instructional Staff Training Services	1,336,965	(117,275)	1,219,690	1,207,288	12,402

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 321,576	\$ 38,000	\$ 359,576	\$ 358,910	\$ 666
Legal Services	123,000	8,500	131,500	128,537	2,963
Audit Fees	30,000	4,365	34,365	33,365	1,000
Other Purchased Professional Services	5,000	(2,500)	2,500		2,500
Purchased Technical Services	32,000	(18,100)	13,900	7,704	6,196
Communications/Telephone	162,000	(39,525)	122,475	117,657	4,818
BOE Other Purchased Services	5,750		5,750	3,223	2,527
Other Purchased Services (400-500 series)	173,500	(27,247)	146,253	136,547	9,706
General Supplies	28,000	(19,000)	9,000	1,882	7,118
Miscellaneous Expenditures	78,100	(24,615)	53,485	46,593	6,892
BOE Membership Dues and Fees	29,650	250	29,900	29,756	144
Total Support Services - General Administration	988,576	(79,872)	908,704	864,174	44,530
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,472,696	219,225	1,691,921	1,691,920	1
Salaries of Other Professional Staff	132,250	200	132,450	132,448	2
Salaries of Secretarial and Clerical Assistants	738,989	22,970	761,959	761,958	1
Other Salaries	7,500	(4,920)	2,580		2,580
Purchased Professional and Technical Services	6,500		6,500	6,494	6
Other Purchased Services (400-500 series)	97,250	(36,920)	60,330	45,833	14,497
Supplies and Materials	500		500		500
Other Objects	7,500		7,500	6,688	812
Total Support Services - School Administration	2,463,185	200,555	2,663,740	2,645,341	18,399

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 806,022	\$ 6,300	\$ 812,322	\$ 812,320	\$ 2
Purchased Professional Services	55,750	(3,052)	52,698	38,575	14,123
Purchased Technical Services	135,979	(35,008)	100,971	91,297	9,674
Miscellaneous Purchased Services (400-500 series)	1,100	1,050	2,150	2,150	
Supplies and Materials	71,802	(57,840)	13,962	13,908	54
Miscellaneous Expenditures	17,210	(520)	16,690	14,029	2,661
Total Central Services	1,087,863	(89,070)	998,793	972,279	26,514
Administration Information Technology:					
Salaries	356,270	(20,000)	336,270	336,250	20
Purchased Professional Services	48,000	10,000	58,000	57,464	536
Purchased Technical Services	32,200	(31,200)	1,000	938	62
Total Administration Information Technology	436,470	(41,200)	395,270	394,652	618
Required Maintenance of School Facilities:					
Salaries	544,975	23,325	568,300	558,214	10,086
Cleaning, Repair and Maintenance Services	373,640	(104,580)	269,060	266,532	2,528
General Supplies	170,513	(30,000)	140,513	107,694	32,819
Other Objects	400		400	300	100
Total Required Maintenance of School Facilities	1,089,528	(111,255)	978,273	932,740	45,533

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Operations & Maintenance of Plant:					
Salaries	\$ 3,287,681	\$ 31,894	\$ 3,319,575	\$ 3,319,574	\$ 1
Purchased Professional and Technical Services	314,176	(30,595)	283,581	279,963	3,618
Cleaning, Repair and Maintenance Services	164,503	(28,091)	136,412	105,465	30,947
Other Purchased Property Services	76,400	8,597	84,997	69,414	15,583
Insurance	175,000	31,923	206,923	206,908	15
General Supplies	277,017	(41,575)	235,442	219,481	15,961
Energy (Heat and Electricity)	1,464,768	159,400	1,624,168	1,476,165	148,003
Total Other Operations & Maintenance of Plant	5,759,545	131,553	5,891,098	5,676,970	214,128
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	294,952	(41,195)	253,757	248,901	4,856
Other Than Between Home and School - Regular	85,000	(85,000)			
Between Home and School - Nonpublic Schools		117,619	117,619	117,619	
Management Fee - ESC & CTSA Transportation Program	43,680	10,300	53,980	53,973	7
Cleaning, Repair and Maintenance Services	4,000	(3,000)	1,000		1,000
Rental Payments - School Buses	500		500		500

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Contracted Services:					
Between Home and School - Vendors	\$ 434,775		\$ 434,775	\$ 424,423	\$ 10,352
Other Than Between Home and School - Vendors	43,500	\$ 945	44,445	39,320	5,125
Special Education Students - Vendors	475,000	(47,781)	427,219	423,212	4,007
Regular Students - ESCs & CTSA's	3,000	47,000	50,000	43,673	6,327
Special Education Students - ESCs & CTSA's	1,302,770	(3,842)	1,298,928	1,273,972	24,956
Aid in Lieu Payments - Nonpublic Schools	256,500	(74,500)	182,000	175,023	6,977
Miscellaneous Purchased Services	3,500		3,500	2,154	1,346
Supplies and Materials	38,600	2,421	41,021	34,306	6,715
Other Objects	2,000		2,000		2,000
Total Student Transportation Services	2,987,777	(77,033)	2,910,744	2,836,576	74,168
Unallocated Benefits:					
Social Security Contributions	910,000	48,655	958,655	958,653	2
Other Retirement Contributions - Regular	375,000	108,725	483,725	483,708	17
Unemployment Compensation	50,000	(50,000)			
Workmen's Compensation	215,000	74,529	289,529	289,529	
Health Benefits	9,759,338	277,090	10,036,428	9,938,931	97,497
Tuition Reimbursement	135,000	14,850	149,850	149,848	2
Other Employee Benefits	16,085	7,585	23,670	23,668	2
Total Unallocated Benefits	11,460,423	481,434	11,941,857	11,844,337	97,520

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf Contributions:					
TPAF Post Retirement Medical Contributions (non-budgeted)				\$ 2,661,166	\$ (2,661,166)
TPAF Pension Contributions (non-budgeted)				2,186,496	(2,186,496)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,356,825	(2,356,825)
Total On-Behalf Contributions				7,204,487	(7,204,487)
Total Personal Services - Employee Benefits	\$ 11,460,423	\$ 481,434	\$ 11,941,857	19,048,824	(7,106,967)
Total Undistributed Expenses	39,493,985	935,545	40,429,530	46,902,170	(6,472,640)
TOTAL GENERAL CURRENT EXPENSE	69,367,844	817,757	70,185,601	76,589,844	(6,404,243)
CAPITAL OUTLAY					
Undistributed Expenditures:					
Instruction	65,636		65,636	41,818	23,818
Operation and Maintenance of Plant Services	20,675		20,675		20,675
Other Support Services	6,132	(2,950)	3,182		3,182
Total Equipment	92,443	(2,950)	89,493	41,818	47,675

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	\$ 79,491		\$ 79,491	\$ 71,653	\$ 7,838
Construction Services	424,935	\$ 172,000	596,935	582,106	14,829
Lease Purchase Agreements - Principal	585,000		585,000	565,107	19,893
Total Facilities Acquisition and Construction Services	1,089,426	172,000	1,261,426	1,218,866	42,560
TOTAL CAPITAL OUTLAY	1,181,869	169,050	1,350,919	1,260,684	90,235
Transfer of Funds to Charter Schools	17,284		17,284	17,284	
TOTAL EXPENDITURES	70,566,997	986,807	71,553,804	77,867,812	(6,314,008)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(295,940)	(662,743)	(958,683)	(21,301)	937,382
Other Financing Sources:					
Operating Transfer In:					
Capital Projects Fund - Premium on Temporary Note				6,753	6,753
Total Other Financing Sources				6,753	6,753

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (295,940)	\$ (662,743)	\$ (958,683)	\$ (14,548)	\$ 944,135
Fund Balance, July 1	2,561,676		2,561,676	2,561,676	
Fund Balance, June 30	<u>\$ 2,265,736</u>	<u>\$ (662,743)</u>	<u>\$ 1,602,993</u>	<u>\$ 2,547,128</u>	<u>\$ 944,135</u>

Recapitulation:

Reserve for Encumbrances	\$ 265,398
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	607,772
Capital Reserve	16,686
Unreserved - Designated for Subsequent Year's Expenditures	227,704
Unreserved - Undesignated	<u>1,429,568</u>
	2,547,128

Reconciliation to Governmental Funds Statement (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	<u>(199,713)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,347,415</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 266,083	\$ 288,008	\$ 554,091	\$ 532,364	\$ 21,727
Federal Sources	1,234,739	315,590	1,550,329	1,484,888	65,441
Local Sources	2,500	229,159	231,659	93,771	137,888
Total Revenues	1,503,322	832,757	2,336,079	2,111,023	225,056
EXPENDITURES:					
Instruction					
Personal Services - Salaries	120,256	128,872	249,128	216,334	32,794
Purchased Professional/Educational Services		81,172	81,172	79,715	1,457
Other Purchased Services	1,100,000	(33,045)	1,066,955	1,063,334	3,621
General Supplies	2,500	162,112	164,612	61,902	
Textbooks	69,590	(10,291)	59,299	58,283	
Other Objects		300	300	300	
Total Instruction	1,292,346	329,120	1,621,466	1,479,868	141,598
Support Services					
Personal Services - Employee Benefits		48,458	48,458	44,893	3,565
Purchased Professional/Educational Services	196,493	269,652	466,145	435,744	30,401
Purchased Technical Services		94,913	94,913	94,675	238
Other Purchased Services		71,412	71,412	48,944	22,468
Supplies and Materials	14,483	(3,149)	11,334	5,499	5,835
Other Objects		1,462	1,462	1,400	62
Total Support Services	210,976	482,748	693,724	631,155	62,569
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		20,889	20,889		20,889
Total Support Services		20,889	20,889		20,889
Total Expenditures	1,503,322	832,757	2,336,079	2,111,023	225,056
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Note A - Explanation of Differences 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	\$ 77,846,511	\$ 2,111,023
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(26,631)
Cancellation of Prior Year Encumbrances		(1,189)
Prior Year Encumbrances		5,384
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	187,108	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(199,713)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 77,833,906</u>	 <u>\$ 2,088,587</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,867,812	\$ 2,111,023
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes		
Current Year Encumbrances		(26,631)
Cancellation of Prior Year Encumbrances		(1,189)
Prior Year Encumbrances		<u>5,384</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 77,867,812</u>	 <u>\$ 2,088,587</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 and are voted upon at the annual school election on the third Tuesday in April. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year). Budget amendments during the year ended June 30, 2008 were numerous but not considered significant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payment for the current year. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	No Child Left Behind						
	Title I			Title IIA			
	2007-08	2006-07		2007-08	2006-07		
	Summer	Carryover		Summer	Carryover	Carryover	
REVENUE:							
State Sources							
Federal Sources	\$ 73,178	\$ 16,046	\$ 71	\$ 61,708	\$ 12,864	\$ 4,026	\$ 4,835
Local Sources							
Total Revenue	\$ 73,178	\$ 16,046	\$ 71	\$ 61,708	\$ 12,864	\$ 4,026	\$ 4,835
EXPENDITURES:							
Instruction:							
Personal Services - Salaries	\$ 52,940			\$ 37,614		\$ 4,026	
Purchased Professional/Educational Services							\$ 1,800
Other Purchased Services							
General Supplies	4,227			6,787	\$ 2,254		3,035
Textbooks							
Other Objects							
Total Instruction	57,167			44,401	2,254	4,026	4,835
Support Services:							
Personal Services - Employee Benefits	11,985	\$ 16,046		7,714	9,148		
Purchased Professional/Educational Services				6,296			
Purchased Technical Services	4,026						
Other Purchased Services				2,499	860		
Supplies and Materials			\$ 71				
Other Objects				798	602		
Total Support Services	16,011	16,046	71	17,307	10,610		
Total Expenditures	\$ 73,178	\$ 16,046	\$ 71	\$ 61,708	\$ 12,864	\$ 4,026	\$ 4,835

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	No Child Left Behind					
	Title IID			Title IV		
	2007-08	2006-07 Summer	2005-06 Carryover	2007-08	2006-07 Summer	2005-06 Carryover
REVENUE:						
State Sources						
Federal Sources	\$ 75	\$ 339	\$ 1,315	\$ 8,136	\$ 1,500	\$ 1,674
Local Sources						\$ 1,227
Total Revenue	\$ 75	\$ 339	\$ 1,315	\$ 8,136	\$ 1,500	\$ 1,674
						\$ 1,227
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						
Purchased Professional/Educational Services						
Other Purchased Services						
General Supplies	\$ 75		\$ 1,315			
Textbooks						
Other Objects						
Total Instruction	75		1,315			
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional/Educational Services				\$ 4,450	\$ 1,500	
Purchased Technical Services						
Other Purchased Services		\$ 339		921		\$ 238
Supplies and Materials				2,765		1,436
Other Objects						\$ 1,227
Total Support Services		339		8,136	1,500	1,674
Total Expenditures	\$ 75	\$ 339	\$ 1,315	\$ 8,136	\$ 1,500	\$ 1,674
						\$ 1,227

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	No Child Left Behind			I.D.E.A. - Part B, Basic Regular		
	Title V			2006-07		
	2007-08	2006-07 Summer	2005-06 Carryover	2007-08	Summer	Carryover
REVENUE:						
State Sources						
Federal Sources	\$ 17	\$ 3,163	\$ 9,868	\$ 1,174,858	\$ 54,864	\$ 345
Local Sources						
Total Revenue	<u>\$ 17</u>	<u>\$ 3,163</u>	<u>\$ 9,868</u>	<u>\$ 1,174,858</u>	<u>\$ 54,864</u>	<u>\$ 345</u>
EXPENDITURES:						
Instruction:						
Personal Services - Salaries			\$ 3,156		\$ 54,864	
Purchased Professional/Educational Services				\$ 74,739		
Other Purchased Services				1,005,978		\$ 345
General Supplies	\$ 17	\$ 3,163	6,712			
Textbooks						
Other Objects						
Total Instruction	<u>17</u>	<u>3,163</u>	<u>9,868</u>	<u>1,080,717</u>	<u>54,864</u>	<u>345</u>
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional/Educational Services						
Purchased Technical Services				90,649		
Other Purchased Services				3,492		
Supplies and Materials						
Other Objects						
Total Support Services				<u>94,141</u>		
Total Expenditures	<u>\$ 17</u>	<u>\$ 3,163</u>	<u>\$ 9,868</u>	<u>\$ 1,174,858</u>	<u>\$ 54,864</u>	<u>\$ 345</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	I.D.E.A. - Part B, Basic Preschool		NJ Nonpublic			
	2007-08	2006-07 Carryover	Textbooks	Nursing	Technology Initiative	2006-07 Astronomy
REVENUE:						
State Sources			\$ 58,283	\$ 81,909	\$ 41,476	\$ 93
Federal Sources	\$ 54,406	\$ 373				
Local Sources						
Total Revenue	\$ 54,406	\$ 373	\$ 58,283	\$ 81,909	\$ 41,476	\$ 93
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						
Purchased Professional/Educational Services	\$ 1,376					
Other Purchased Services	53,030	\$ 373				
General Supplies						\$ 93
Textbooks			\$ 58,283			
Other Objects						
Total Instruction	54,406	373	58,283			93
Support Services:						
Personal Services - Employee Benefits						
Purchased Professional/Educational Services				\$ 81,909	\$ 41,476	
Purchased Technical Services						
Other Purchased Services						
Supplies and Materials						
Other Objects						
Total Support Services				81,909	41,476	
Total Expenditures	\$ 54,406	\$ 373	\$ 58,283	\$ 81,909	\$ 41,476	\$ 93

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Nonpublic Auxiliary Services (Chapter 192)</u>			<u>Nonpublic Handicapped Services (Chapter 193)</u>			
	<u>Transportation</u>	<u>Compensatory Education</u>	<u>English as a Second Language</u>	<u>Home Instruction</u>	<u>Supplementary Instruction</u>	<u>Examination & Classification</u>	<u>Corrective Speech</u>
REVENUE:							
State Sources	\$ 15,462	\$ 64,696	\$ 3,045	\$ 5,082	\$ 79,213	\$ 108,435	\$ 24,180
Federal Sources							
Local Sources							
Total Revenue	\$ 15,462	\$ 64,696	\$ 3,045	\$ 5,082	\$ 79,213	\$ 108,435	\$ 24,180
EXPENDITURES:							
Instruction:							
Personal Services - Salaries							
Purchased Professional/Educational Services							
Other Purchased Services							
General Supplies							
Textbooks							
Other Objects							
Total Instruction							
Support Services:							
Personal Services - Employee Benefits							
Purchased Professional/Educational Services	\$ 15,462	\$ 64,696	\$ 3,045	\$ 5,082	\$ 79,213	\$ 108,435	\$ 24,180
Purchased Technical Services							
Other Purchased Services							
Supplies and Materials							
Other Objects							
Total Support Services	15,462	64,696	3,045	5,082	79,213	108,435	24,180
Total Expenditures	\$ 15,462	\$ 64,696	\$ 3,045	\$ 5,082	\$ 79,213	\$ 108,435	\$ 24,180

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Early Learning and Language Initiative (ELLI)</u>		<u>Other Local Programs</u>	<u>Totals June 30, 2008</u>
	<u>2007-08</u>	<u>2006-07 Carryover</u>		
REVENUE:				
State Sources	\$ 40,500	\$ 9,990		\$ 532,364
Federal Sources				1,484,888
Local Sources			\$ 93,771	93,771
Total Revenue	<u>\$ 40,500</u>	<u>\$ 9,990</u>	<u>\$ 93,771</u>	<u>\$ 2,111,023</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 40,500	\$ 9,000	\$ 14,234	\$ 216,334
Purchased Professional/Educational Services			1,800	79,715
Other Purchased Services		890	2,718	1,063,334
General Supplies			34,224	61,902
Textbooks				58,283
Other Objects		100	200	300
Total Instruction	<u>40,500</u>	<u>9,990</u>	<u>53,176</u>	<u>1,479,868</u>
Support Services:				
Personal Services - Employee Benefits				44,893
Purchased Professional/Educational Services				435,744
Purchased Technical Services				94,675
Other Purchased Services			40,595	48,944
Supplies and Materials				5,499
Other Objects				1,400
Total Support Services			<u>40,595</u>	<u>631,155</u>
Total Expenditures	<u>\$ 40,500</u>	<u>\$ 9,990</u>	<u>\$ 93,771</u>	<u>\$ 2,111,023</u>

CAPITAL PROJECTS FUND

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

Revenue and Other Financing Sources:	
Premium on Temporary Note	\$ 6,753
Total Revenue and Other Financing Sources	<u>\$ 6,753</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	103,570
Construction Services	2,132,849
Transfer to General Fund - Premium on Temporary Note	<u>6,753</u>
Total Expenditures and Other Financing Uses	<u>2,243,172</u>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(2,236,419)
Fund Balance - Beginning	<u>1,712,219</u>
Fund Balance - Ending	<u><u>\$ (524,200)</u></u>
<u>Recapitulation of Fund Balance at June 30, 2008:</u>	
Reserve for Encumbrances	\$ 349,902
Unreserved - Designated for Subsequent Year's Expenditures	<u>(874,102)</u>
Total Fund Balance per Governmental Funds (Budgetary/GAAP)	<u><u>\$ (524,200)</u></u>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ - 0 -
SDA Grants are Recognized as Revenue on the Budgetary Basis when	
Awarded but are not Recognized on the GAAP Basis until Expended	<u>634,534</u>
State SDA Grant Revenue Realized (GAAP Basis)	<u><u>\$ 634,534</u></u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Prior Periods	Current Year	Totals	Project Authorization		
				Revised	Adjustments	Original
Revenue and Other Financing Sources:						
State Sources - SDA Grants	\$ 11,457,348		\$ 11,457,348	\$ 11,457,348	\$ (154,100)	\$ 11,611,448
Bond Proceeds and Transfers	24,117,464		24,117,464	24,117,664		24,117,664
Total Revenue and Other Financing Sources	35,574,812	\$ -0-	35,574,812	35,575,012	(154,100)	35,729,112
Expenditures:						
Purchased Professional and Technical Services	2,146,993	5,510	2,152,503	2,250,000		2,250,000
Construction Services	31,846,748	201,687	32,048,435	33,175,012	(154,100)	33,329,112
Equipment Purchases	133,884		133,884	150,000		150,000
Total Expenditures	34,127,625	207,197	34,334,822	35,575,012	(154,100)	35,729,112
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 1,447,187	\$ (207,197)	\$ 1,239,990	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Number	SP-201144,145,297,298,299,323,324,325
Grant Date	January 18, 2002
Bond Authorization Date	December 12, 2000
Bonds Authorized	\$ 24,117,664
Bonds Issued	\$ 24,117,000
Original Authorized Cost	\$ 35,729,112
Change Orders	\$ (154,100)
Revised Authorized Cost	\$ 35,575,012
Change Order Percentage	-0.43%
Percentage Completion	100.00%
Original Target Completion Date	3/30/08
Revised Target Completion Date	3/30/08

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
GYMNASIUM IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 265,032		\$ 265,032	\$ 265,032
Total Revenue and Other Financing Sources	265,032	\$ -0-	265,032	265,032
Expenditures:				
Purchased Professional and Technical Services		15,160	15,160	25,000
Construction Services		210,309	210,309	240,032
Total Expenditures	-0-	225,469	225,469	265,032
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 265,032	\$ (225,469)	\$ 39,563	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 265,032
Change Orders	\$ -0-
Revised Authorized Cost	\$ 265,032
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	11/30/07
Revised Target Completion Date	2/28/08

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TRACK AND FIELD IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds				\$ 2,000,000
Total Revenue and Other Financing Sources	\$ -0-	\$ -0-	\$ -0-	2,000,000
Expenditures:				
Purchased Professional and Technical Services		82,900	82,900	82,900
Construction Services		1,720,853	1,720,853	1,917,100
Total Expenditures	-0-	1,803,753	1,803,753	2,000,000
Deficiency of Revenue and Other Financing Sources Under Expenditures	\$ -0-	\$ (1,803,753)	\$ (1,803,753)	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	\$ 2,000,000
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 2,000,000
Change Orders	\$ -0-
Revised Authorized Cost	\$ 2,000,000
Change Order Percentage	0.00%
Percentage Completion	100.00% at 8/15/08
Original Target Completion Date	8/15/08
Revised Target Completion Date	8/15/08

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<u>Purpose</u>	<u>Original Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Balance June 30, 2008</u>
Track and Field Improvements	\$ 2,000,000	6/12/2008	6/11/2009	2.50%	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
					<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

PROPRIETARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Community Education</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 239,347	\$ 124,516	\$ 363,863
Accounts Receivable:			
Other Governments:			
Federal	7,511		7,511
State	854		854
Other	23,190		23,190
Inventories	14,372		14,372
Total Current Assets	<u>285,274</u>	<u>124,516</u>	<u>409,790</u>
Non-Current Assets:			
Capital Assets	161,219		161,219
Less: Accumulated Depreciation	(142,201)		(142,201)
Total Non-Current Assets	<u>19,018</u>	<u>-0-</u>	<u>19,018</u>
Total Assets	<u>304,292</u>	<u>124,516</u>	<u>428,808</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	8,107		8,107
Interfund Payable - General Fund	20,099		20,099
Total Current Liabilities	<u>28,206</u>	<u>-0-</u>	<u>28,206</u>
Total Liabilities	<u>28,206</u>	<u>-0-</u>	<u>28,206</u>
<u>NET ASSETS:</u>			
Investment in Capital Assets, Net of Related Debt	19,018		19,018
Unrestricted	257,068	124,516	381,584
Total Net Assets	<u>\$ 276,086</u>	<u>\$ 124,516</u>	<u>\$ 400,602</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Community Education</u>	<u>Total Enterprise</u>
Operating Revenue:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 670,956		\$ 670,956
Special Milk Program	6,125		6,125
Total Daily Sales - Reimbursable Programs	677,081		677,081
Daily Sales - Non-Reimbursable Programs	429,301		429,301
Special Events	23,263		23,263
Program Fees		\$ 70,142	70,142
Total Operating Revenue	1,129,645	70,142	1,199,787
Operating Expenses:			
Cost of Sales	515,979		515,979
Salaries	470,540	73,585	544,125
Payroll Taxes	50,018		50,018
Employee Benefits	33,228		33,228
Purchased Property Services	106,276		106,276
Supplies and Materials	56,291		56,291
Other Objects		2,233	2,233
Depreciation Expense	4,710		4,710
Total Operating Expenses	1,237,042	75,818	1,312,860
Operating Income/(Loss)	(107,397)	(5,676)	(113,073)
Non-Operating Revenue:			
Federal Sources:			
National School Lunch Program	126,152		126,152
Special Milk Program	5,389		5,389
Food Distribution Program	71,069		71,069
State Sources:			
School Lunch Program	15,042		15,042
Local Sources:			
Interest Revenue	7,205		7,205
Total Non-Operating Revenue	224,857	-0-	224,857
Change in Net Assets	117,460	(5,676)	111,784
Net Assets - Beginning of Year	158,626	130,192	288,818
Net Assets - End of Year	\$ 276,086	\$ 124,516	\$ 400,602

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Food Service</u>	<u>Community Education</u>	<u>Total Enterprise</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,125,995	\$ 70,142	\$ 1,196,137
Payments to Employees	(107,468)	(81,395)	(188,863)
Payments to Food Service Vendor	(1,029,176)		(1,029,176)
Payments to Suppliers	(53,639)	(2,233)	(55,872)
Net Cash Used for Operating Activities	<u>(64,288)</u>	<u>(13,486)</u>	<u>(77,774)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	148,552		148,552
State Sources	16,927		16,927
Net Cash Provided by Noncapital Financing Activities	<u>165,479</u>	<u>-0-</u>	<u>165,479</u>
Cash Flows from Investing Activities:			
Interest Revenue	7,205		7,205
Net Cash Provided by Investing Activities	<u>7,205</u>	<u>-0-</u>	<u>7,205</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	108,396	(13,486)	94,910
Cash and Cash Equivalents, July 1	<u>130,951</u>	<u>138,002</u>	<u>268,953</u>
Cash and Cash Equivalents, June 30	<u>\$ 239,347</u>	<u>\$ 124,516</u>	<u>\$ 363,863</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (107,397)	\$ (5,676)	\$ (113,073)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:			
Depreciation	4,710		4,710
Federal Food Distribution Program	71,069		71,069
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(3,650)		(3,650)
(Increase) in Inventory	(6,578)		(6,578)
Increase in Accounts Payable	4,649		4,649
(Decrease) in Interfund Payable	(27,091)	(7,810)	(34,901)
Net Cash Used for Operating Activities	<u>\$ (64,288)</u>	<u>\$ (13,486)</u>	<u>\$ (77,774)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$71,069 for the fiscal year ended June 30, 2008.

FIDUCIARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Agency</u>			<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 158,575	\$ 297,763	\$ 456,338	\$ 186,495
Investments	105,382		105,382	
Total Assets	<u>263,957</u>	<u>297,763</u>	<u>561,720</u>	<u>186,495</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings		297,763	297,763	
Due to Student Groups	263,957		263,957	
Total Liabilities	<u>263,957</u>	<u>297,763</u>	<u>561,720</u>	<u>-0-</u>
<u>NET ASSETS:</u>				
Held in Trust for: Unemployment Claims				186,495
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 186,495</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 91,286
Total Contributions	<u>91,286</u>
Investment Earnings:	
Interest	<u>3,926</u>
Net Investment Earnings	<u>3,926</u>
Total Additions	<u>95,212</u>
DEDUCTIONS:	
Quarterly Contribution Reports	<u>119,338</u>
Total Deductions	<u>119,338</u>
Change in Net Assets	(24,126)
Net Assets - Beginning of the Year	<u>210,621</u>
Net Assets - End of the Year	<u>\$ 186,495</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007 (Restated)	Additions	Deletions	Balance June 30, 2008
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 182,608	\$ 778,730	\$ 802,763	\$ 158,575
Investments	102,937	2,445		105,382
Total Assets	<u>\$ 285,545</u>	<u>\$ 781,175</u>	<u>\$ 802,763</u>	<u>\$ 263,957</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 285,545	\$ 781,175	\$ 802,763	\$ 263,957
Total Liabilities	<u>\$ 285,545</u>	<u>\$ 781,175</u>	<u>\$ 802,763</u>	<u>\$ 263,957</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007 <u>(Restated)</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, 2008
Senior High School:				
Scotch Plains-Fanwood	\$ 212,017	\$ 495,387	\$ 512,022	\$ 195,382
Student Athletic Account	11,787	99,047	104,838	5,996
Middle Schools:				
Park	25,375	83,054	88,882	19,547
Terrill	36,366	103,687	97,021	43,032
Total All Schools	<u>\$ 285,545</u>	<u>\$ 781,175</u>	<u>\$ 802,763</u>	<u>\$ 263,957</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 348,326	\$ 47,245,935	\$ 47,296,498	\$ 297,763
Total Assets	<u>\$ 348,326</u>	<u>\$ 47,245,935</u>	<u>\$ 47,296,498</u>	<u>\$ 297,763</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund	\$ 24,012		\$ 24,012	
Fiduciary Fund:				
Unemployment Compensation Trust	92,598		92,598	
Payroll Deductions and Withholdings	231,716	\$ 47,245,935	47,179,888	\$ 297,763
Total Liabilities	<u>\$ 348,326</u>	<u>\$ 47,245,935</u>	<u>\$ 47,296,498</u>	<u>\$ 297,763</u>

LONG-TERM DEBT

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2007	Retired/ Matured	Balance June 30, 2008
			Date	Amount				
School Bonds	07/15/93	\$ 5,000,000	07/15/08	\$ 339,000	4.700%	\$ 689,000	\$ 350,000	\$ 339,000
School Bonds	05/01/01	9,000,000	11/01/08	450,000	4.375%	6,750,000	450,000	6,300,000
			11/01/09	450,000	4.375%			
			11/01/10	450,000	4.375%			
			11/01/11	450,000	4.375%			
			11/01/12	450,000	4.500%			
			11/01/13	450,000	4.500%			
			11/01/14	450,000	4.625%			
			11/01/15	450,000	4.750%			
			11/01/16	450,000	4.800%			
			11/01/17	450,000	4.875%			
			11/01/18	450,000	4.875%			
			11/01/19	450,000	5.000%			
			11/01/20	450,000	5.000%			
			11/01/21	450,000	5.000%			
School Bonds	01/01/02	15,117,000	07/15/08	755,850	4.000%	12,093,600	755,850	11,337,750
			07/15/09	755,850	4.250%			
			07/15/10	755,850	4.400%			
			07/15/11	755,850	4.500%			
			07/15/12	755,850	4.500%			
			07/15/13	755,850	4.625%			
			07/15/14	755,850	4.750%			
			07/15/15	755,850	4.750%			
			07/15/16	755,850	4.750%			
			07/15/17	755,850	4.750%			
			07/15/18	755,850	4.750%			
			07/15/19	755,850	4.750%			
			07/15/20	755,850	4.750%			
			07/15/21	755,850	4.750%			
07/15/22	755,850	4.750%						
						<u>\$ 19,532,600</u>	<u>\$ 1,555,850</u>	<u>\$ 17,976,750</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2008

Item	Interest Rate	Original Issue	Balance July 1, 2007	Retired/ Matured	Balance June 30, 2008
Various Improvements	5.59%	\$ 1,284,587	\$ 163,004	\$ 163,004	
Computer Equipment and Maintenance Vehicles	2.65%	546,381	138,334	138,334	
Computer Equipment and Maintenance Vehicles	3.19%	546,018	272,875	134,296	\$ 138,579
Computer Equipment and Maintenance Vehicles	3.98%	535,267	490,267	115,487	374,780
			<u>\$ 1,064,480</u>	<u>\$ 551,121</u>	<u>\$ 513,359</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,410,146		\$ 2,410,146	\$ 2,410,146	
Total Revenues	<u>2,410,146</u>		<u>2,410,146</u>	<u>2,410,146</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	865,256		865,256	865,256	
Redemption of Principal	1,555,850		1,555,850	1,555,850	
Total Regular Debt Service	<u>2,421,106</u>		<u>2,421,106</u>	<u>2,421,106</u>	
Total Expenditures	<u>2,421,106</u>		<u>2,421,106</u>	<u>2,421,106</u>	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(10,960)		(10,960)	(10,960)	
Fund Balance, July 1	<u>10,960</u>		<u>10,960</u>	<u>10,960</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST FOUR FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2005	2006	2007 (Restated)	2008
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 13,230,936	\$ 14,871,772	\$ 16,729,024	\$ 19,168,140
Restricted/(Deficit)	5,191,566	5,040,203	2,008,755	365,656
Unrestricted	907,205	970,716	433,382	443,268
Total governmental activities net assets	\$ 19,329,707	\$ 20,882,691	\$ 19,171,161	\$ 19,977,064
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 33,148	\$ 28,438	\$ 23,728	\$ 19,018
Unrestricted	1,184	28,314	265,090	381,584
Total business-type activities net assets	\$ 34,332	\$ 56,752	\$ 288,818	\$ 400,602
District-wide:				
Invested in Capital Assets, Net of Related Debt	\$ 13,264,084	\$ 14,900,210	\$ 16,752,752	\$ 19,187,158
Restricted/(Deficit)	5,191,566	5,040,203	2,008,755	365,656
Unrestricted	908,389	999,030	698,472	824,852
Total District Net Assets	\$ 19,364,039	\$ 20,939,443	\$ 19,459,979	\$ 20,377,666

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICTCHANGES IN NET ASSETS
LAST FOUR FISCAL YEARSUNAUDITED*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Expenses:				
Governmental Activities:				
Instruction:				
Regular	\$ 27,664,184	\$ 28,001,841	\$ 32,086,076	\$ 32,546,072
Special Education	6,017,612	5,645,819	6,794,746	8,126,570
Other Special Instruction		1,031,594	1,176,988	1,148,311
Other Instruction	2,531,839	1,580,873	1,806,398	1,723,244
Support Services:				
Tuition	3,666,547	4,553,437	4,531,507	5,190,826
Student & Instruction Related Services	9,705,248	10,687,973	12,257,349	12,070,136
General Administrative Services	2,817,645	2,687,553	2,740,923	1,054,929
School Administrative Services	3,189,653	3,386,806	3,516,173	3,782,650
Central Services				1,329,852
Administrative Information Technology				542,494
Plant Operations and Maintenance	7,218,315	7,765,008	8,151,273	9,060,286
Pupil Transportation	2,469,500	2,692,147	2,998,088	3,022,634
Special Schools		41,955		
Charter Schools		870,638		17,284
Capital Outlay			1,243,230	
Interest on Long-term Debt	1,030,183	972,115	905,325	856,669
Unallocated Depreciation	1,559,331	1,641,019	1,715,442	1,696,066
Total Governmental Activities Expenses	<u>67,870,057</u>	<u>71,558,778</u>	<u>79,923,518</u>	<u>82,168,023</u>
Business-type Activities:				
Food Service	1,136,399	1,190,194	1,087,176	1,237,042
Adult Continuing Community Education			51,393	75,818
Total Business-type Activities Expenses	<u>1,136,399</u>	<u>1,190,194</u>	<u>1,138,569</u>	<u>1,312,860</u>
Total District-wide Expenses	<u>69,006,456</u>	<u>72,748,972</u>	<u>81,062,087</u>	<u>83,480,883</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction (Tuition)	7,052	103,859	46,197	
Operating Grants and Contributions	1,067,329	1,009,036	13,162,797	13,327,272
Capital Grants and Contributions				634,534
Total Governmental Activities Program Revenues	<u>1,074,381</u>	<u>1,112,895</u>	<u>13,208,994</u>	<u>13,961,806</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICTCHANGES IN NET ASSETSLAST FOUR FISCAL YEARSUNAUDITED*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Program Revenues:				
Business-type Activities:				
Charges for Services:				
Food Service	1,026,500	1,092,720	1,057,955	1,129,645
Adult Continuing Community Education			122,056	70,142
Operating Grants and Contributions	102,668	113,781	173,465	217,652
Total Business-type Activities Revenues	1,129,168	1,206,501	1,353,476	1,417,439
Total District-wide Program Revenues	2,203,549	2,319,396	14,562,470	15,379,245
Net (Expense)/Revenue:				
Governmental Activities	(66,795,676)	(70,445,883)	(66,714,524)	(68,206,217)
Business-type Activities	(7,231)	16,307	214,907	104,579
Total District-wide Net (Expense)/Revenue	(66,802,907)	(70,429,576)	(66,499,617)	(68,101,638)
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes Levied for General Purposes, Net	55,338,242	58,662,794	62,140,004	65,455,759
Taxes Levied for Debt Service	2,607,469	2,560,652	2,487,477	2,410,146
Unrestricted Grants and Contributions	10,015,713	10,201,213	458,060	568,314
Investment Earnings	177,652	380,197	498,482	293,172
Miscellaneous Income	232,229	348,251	53,505	284,729
Total Governmental Activities General Revenues and Other Changes in Net Assets	68,371,305	72,153,107	65,637,528	69,012,120
Business-type Activities:				
Investment Earnings	2,201	6,113	17,159	7,205
Total Business-type Activities General Revenues and Other Changes in Net Assets	2,201	6,113	17,159	7,205
Total District-wide General Revenues and Other Changes in Net Assets	68,373,506	72,159,220	65,654,687	69,019,325

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Change in Net Assets:				
Governmental Activities	\$ 1,575,629	\$ 1,707,224	\$ (1,076,996)	\$ 805,903
Business-type Activities	(5,030)	22,420	232,066	111,784
Total District-wide Change in Net Assets	<u>\$ 1,570,599</u>	<u>\$ 1,729,644</u>	<u>\$ (844,930)</u>	<u>\$ 917,687</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2005	2006	2007 (Restated)	2008
General Fund:				
Reserved	\$ 2,292,304	\$ 2,361,979	\$ 920,110	\$ 889,856
Unreserved	1,275,409	1,317,193	1,454,458	1,457,559
Total General Fund	<u>\$ 3,567,713</u>	<u>\$ 3,679,172</u>	<u>\$ 2,374,568</u>	<u>\$ 2,347,415</u>
All Other Governmental Funds:				
Reserved				\$ 349,902
Unreserved, Reported in:				
Capital Projects Fund/(Deficit)	\$ 2,899,261	\$ 2,667,263	\$ 1,077,685	(874,102)
Debt Service Fund	1	10,961	10,960	
Total All Other Governmental Funds	<u>\$ 2,899,262</u>	<u>\$ 2,678,224</u>	<u>\$ 1,088,645</u>	<u>\$ (524,200)</u>
Total Governmental Funds	<u>\$ 6,466,975</u>	<u>\$ 6,357,396</u>	<u>\$ 3,463,213</u>	<u>\$ 1,823,215</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Revenues:				
Tax Levy	\$ 57,945,711	\$ 61,223,446	\$ 64,627,481	\$ 67,865,905
Tuition Charges	7,052	103,859	46,197	
Interest Earnings	177,652	380,197	498,482	293,172
Miscellaneous	232,229	348,251	53,505	277,976
Local Sources	27,026	41,656	66,439	76,711
State Sources	9,714,040	9,968,147	12,064,532	12,973,897
Federal Sources	1,341,976	1,200,446	1,489,886	1,479,512
Total Revenues	69,445,686	73,266,002	78,846,522	82,967,173
Expenditures:				
Instruction:				
Regular Instruction	20,603,478	20,484,986	23,544,346	23,006,070
Special Education Instruction	4,388,422	4,028,662	4,959,100	6,069,105
Other Special Instruction	698,495	734,345	844,824	800,617
Other Instruction	1,255,415	1,198,916	1,369,340	1,284,472
Support Services:				
Tuition	3,666,547	4,553,437	4,531,507	5,190,826
Student & Instruction Related Services	7,501,626	8,030,444	9,249,780	8,955,785
General Administrative Services	1,998,304	2,111,949	956,225	864,174
School Administrative Services	2,313,554	2,447,314	2,449,750	2,645,341
Plant Operations and Maintenance	5,780,352	6,241,630	6,429,216	6,609,710
Pupil Transportation	2,325,172	2,537,608	2,815,856	2,836,576
Central Services			1,014,843	972,279
Administrative Information Technology			389,464	394,652
Unallocated Benefits	14,095,831	15,401,498	17,482,339	19,048,824
Special Schools		29,634		
Charter Schools				17,284
Capital Outlay	1,760,311	2,871,226	2,582,103	3,497,103
Debt Service:				
Principal	1,555,850	1,555,850	1,555,850	1,555,850
Interest and Other Charges	1,051,618	993,842	931,628	865,256
Total Expenditures	68,994,975	73,221,341	81,106,171	84,613,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	450,711	44,661	(2,259,649)	(1,646,751)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Other Financing Sources (Uses):				
Premium on Temporary Note				\$ 6,753
Transfers In	\$ 32,020	\$ 1,209,014	\$ 315,257	6,753
Transfers Out		(1,209,014)	(315,257)	(6,753)
Total Other Financing Sources (Uses)	32,020	-0-	-0-	6,753
Net Change in Fund Balances	<u>\$ 482,731</u>	<u>\$ 44,661</u>	<u>\$ (2,259,649)</u>	<u>\$ (1,639,998)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.9%	3.6%	3.2%	3.0%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June</u> <u>30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
1999	\$ 188,999		\$ 41,025	\$ 230,024
2000	195,465	\$ 47,545	21,114	264,124
2001	362,208	60,703	173,813	596,724
2002	157,532	19,950	176,237	353,719
2003	134,614	47,658	199,383	381,655
2004	63,964	5,753	200,103	269,820
2005	177,652	7,052	232,229	416,933
2006	380,197	103,859	348,251	832,307
2007	498,482	46,197	53,505	598,184
2008	293,172		277,976	571,148

Source: Scotch Plains-Fanwood Regional School District records.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST FOUR YEARS
UNAUDITED

BOROUGH OF FANWOOD

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 1,461,800	\$ 205,338,100	\$ -0-	\$ -0-	\$ 11,858,900	\$ 2,586,000	\$ -0-	\$ 221,244,800	\$ 166,627	\$ 221,411,427	\$ 7,526,600	\$ 5.6110	\$ 825,435,733
2005	1,394,400	206,646,200	-0-	-0-	13,015,600	2,586,000	-0-	223,642,200	123,636	223,765,836	7,464,900	5.9910	932,487,251
2006	1,564,500	208,054,700	-0-	-0-	12,407,200	2,487,000	-0-	224,513,400	99,969	224,613,369	7,141,500	6.3100	1,061,405,665
2007	1,727,600	208,944,400	-0-	-0-	12,284,500	2,487,000	-0-	225,443,500	90,930	225,534,430	7,505,900	6.5190	1,132,051,574

TOWNSHIP OF SCOTCH PLAINS

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 5,793,000	\$ 857,842,500	\$ 1,437,100	\$ 29,100	\$ 65,308,600	\$ 6,222,800	\$ 33,244,200	\$ 969,877,300	\$ 1,072,397	\$ 970,949,697	\$ 195,893,900	\$ 4.5520	\$ 2,921,652,130
2005	8,610,700	864,529,500	1,098,900	14,500	64,400,300	5,737,800	29,240,400	973,632,100	951,617	974,583,717	199,689,100	4.8030	3,397,929,186
2006	7,441,300	878,129,900	1,098,900	14,500	64,284,700	5,737,800	29,240,400	985,947,500	787,335	986,734,835	202,403,600	4.9960	3,812,312,734
2007	7,007,200	887,625,400	1,098,900	14,500	64,006,200	5,737,800	27,940,400	993,430,400	706,796	994,137,196	206,096,700	5.2280	4,107,366,668

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 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessors.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

BOROUGH OF FANWOOD

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct	Borough of Fanwood	Union County	
		Service ^b				
1998	\$ 3.8435	\$ 0.0525	\$ 3.896	\$ 1.400	\$ 1.103	\$ 6.399
1999	3.9088	0.0502	3.959	1.400	1.086	6.445
2000	4.2164	0.0486	4.265	1.467	1.098	6.830
2001	4.3501	0.0889	4.439	1.570	1.173	7.182
2002	4.6360	0.1920	4.828	1.634	1.286	7.748
2003	5.0965	0.2555	5.352	1.733	1.434	8.519
2004	5.3585	0.2525	5.611	1.752	1.505	8.868
2005	5.7404	0.2506	5.991	1.803	1.583	9.377
2006	6.0671	0.2429	6.310	1.888	1.673	9.871
2007	6.2875	0.2315	6.519	2.027	1.752	10.298

TOWNSHIP OF SCOTCH PLAINS

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct	Township of Scotch Plains	Union County	
		Service ^b				
1998	\$ 3.1437	\$ 0.0423	\$ 3.186	\$ 0.920	\$ 0.912	\$ 5.018
1999	3.2393	0.0427	3.282	0.970	0.912	5.164
2000	3.3318	0.0402	3.372	0.988	0.934	5.294
2001	3.6021	0.0599	3.662	1.030	1.008	5.700
2002	3.8111	0.1239	3.935	1.080	1.105	6.120
2003	4.0632	0.1888	4.252	1.260	1.154	6.666
2004	4.3419	0.2101	4.552	1.290	1.214	7.056
2005	4.5956	0.2074	4.803	1.351	1.324	7.478
2006	4.7966	0.1994	4.996	1.411	1.368	7.775
2007	5.0357	0.1923	5.228	1.461	1.442	8.131

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.

Note: 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 calculation.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF FANWOOD

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CRP Fanwood LLC	\$ 2,464,900	1	1.09%			
Fanwood Plaza Partners	827,000	2	0.37%			
105 South Ave, Inc. - A&P	600,000	3	0.27%			
Individual Taxpayer #1	558,200	4	0.25%	558,200	5	0.25%
Individual Taxpayer #2	479,500	5	0.21%			
Seaboard Associates	477,500	6	0.21%	477,500	8	0.22%
Messercola Bros. Realty Co. LLC	403,500	7	0.18%			
Exxon Corporation	393,800	8	0.17%			
MJC @ South Ave LLC	273,500	9	0.12%			
South Ave Fanwood LLC	273,500	10	0.12%			
Fanwood Assisted Living Stormcrest				1,308,200	1	0.60%
Individual Taxpayer #3				656,200	2	0.30%
The RVS-RHK Partnership				646,200	3	0.29%
Individual Taxpayer #4				580,100	4	0.26%
Sun Tavern				521,000	6	0.24%
Fanwood Equities				479,000	7	0.22%
J&S Associates				406,100	9	0.19%
				400,000	10	0.18%
Total	\$ 6,751,400		2.99%	\$ 6,032,500		2.75%

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lamberts Mill Village	\$ 11,973,200	1	1.20%	\$ 11,973,200	1	1.28%
Ashbrook Manor	7,500,000	2	0.75%	9,515,400	2	1.02%
Shackamaxon Country Club	5,462,200	3	0.55%	4,790,000	3	0.51%
Snuffy Pantagis	4,650,000	4	0.47%	4,548,500	4	0.49%
Riverside Village	2,900,000	5	0.29%	4,488,400	5	0.48%
Dombush	1,750,000	6	0.18%	3,805,700	6	0.41%
Public Storage, Inc.	1,430,000	7	0.14%			
Ashbrook Manor Associates	1,406,400	8	0.14%	1,406,400	9	0.15%
Scotch Plains Gardens	1,200,000	9	0.12%	1,950,000	7	0.21%
Automotive Associates	1,100,000	10	0.11%	1,518,500	8	0.16%
New Jersey Bell				1,379,500	10	0.15%
Total	\$ 39,371,800		3.95%	\$ 45,375,600		4.86%

Source: Municipal Tax Assessors.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF FANWOOD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 8,550,102	\$ 8,550,102	100.00%	\$ -0-
2000	8,683,504	8,683,504	100.00%	-0-
2001	9,355,227	9,355,227	100.00%	-0-
2002	9,741,280	9,741,280	100.00%	-0-
2003	10,627,022	10,627,022	100.00%	-0-
2004	11,815,835	11,815,835	100.00%	-0-
2005	12,423,078	12,423,078	100.00%	-0-
2006	13,406,729	13,406,729	100.00%	-0-
2007	14,173,116	14,173,116	100.00%	-0-
2008	14,701,841	14,701,841	100.00%	-0-

TOWNSHIP OF SCOTCH PLAINS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 30,198,655	\$ 30,198,655	100.00%	\$ -0-
2000	31,223,939	31,223,939	100.00%	-0-
2001	33,592,836	33,592,836	100.00%	-0-
2002	35,908,976	35,908,976	100.00%	-0-
2003	39,184,200	39,184,200	100.00%	-0-
2004	42,500,599	42,500,599	100.00%	-0-
2005	45,522,633	45,522,633	100.00%	-0-
2006	47,816,717	47,816,717	100.00%	-0-
2007	50,454,365	50,454,365	100.00%	-0-
2008	53,164,064	53,164,064	100.00%	-0-

a - 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 the amount voted upon or certified prior to the end of the school year.

Source: Scotch Plains-Fanwood Regional School District records, including the Certificate and Report of Report of School Taxes (A4F form).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FOUR FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2005	\$ 22,644,300	\$ -0-	\$1,453,048	\$ -0-	\$ -0-	\$24,097,348	1.90%	\$ 804.08	
2006	21,088,450	-0-	1,302,544	-0-	-0-	22,390,994	1.69%	743.99	
2007	19,532,600	-0-	1,064,480	-0-	-0-	20,597,080	1.43%	684.40	
2008	17,976,750	-0-	513,359	2,000,000	-0-	20,490,109	1.42%	680.24	

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST FOUR FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 22,644,300	\$ -0-	\$22,644,300	1.899%	\$ 755.59
2006	21,088,450	-0-	21,088,450	1.760%	700.71
2007	19,532,600	-0-	19,532,600	1.612%	649.03
2008	17,976,750	-0-	17,976,750	1.474%	596.80

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Financial Reports.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2007
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Fanwood	\$ 10,805,486	100.00%	\$ 10,805,486
Township of Scotch Plains	21,278,540	100.00%	21,278,540
Union County General Obligation Debt	401,741,262	7.31%	<u>29,355,409</u>
Subtotal, Overlapping Debt			61,439,435
Scotch Plains-Fanwood Regional School District Direct Debt			<u>20,490,109</u>
Total Direct and Overlapping Debt			<u><u>\$ 81,929,544</u></u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation; debt outstanding data provided by each governmental unit.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2008

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
2005	\$ 1,006,037,787	\$ 3,580,846,267	\$ 4,586,884,054
2006	1,125,380,451	4,069,118,861	5,194,499,312
2007	1,178,481,443	4,287,571,860	5,466,053,303
	<u>\$ 3,309,899,681</u>	<u>\$ 11,937,536,988</u>	<u>\$ 15,247,436,669</u>
Average Equalized Valuation of Taxable Property			<u>\$ 5,082,478,890</u>
Debt Limit (4% of Average Equalization Value) ^a			203,299,156
Net Bonded School Debt			<u>19,976,750</u>
Legal Debt Margin			<u>\$ 183,322,406</u>

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt Limit	\$ 91,796,216	\$ 94,818,235	\$ 100,461,710	\$ 108,739,425	\$ 119,311,751
Total Net Debt Applicable to Limit	<u>3,489,000</u>	<u>3,139,000</u>	<u>2,789,000</u>	<u>26,556,000</u>	<u>25,756,000</u>
Legal Debt Margin	<u>\$ 88,307,216</u>	<u>\$ 91,679,235</u>	<u>\$ 97,672,710</u>	<u>\$ 82,183,425</u>	<u>\$ 93,555,751</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.80%	3.31%	2.78%	24.42%	21.59%

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 132,292,987	\$ 146,940,098	\$ 164,427,090	\$ 184,600,382	\$ 203,299,156
Total Net Debt Applicable to Limit	<u>24,200,150</u>	<u>24,644,300</u>	<u>21,088,450</u>	<u>19,532,600</u>	<u>19,976,750</u>
Legal Debt Margin	<u>\$ 108,092,837</u>	<u>\$ 122,295,798</u>	<u>\$ 143,338,640</u>	<u>\$ 165,067,782</u>	<u>\$ 183,322,406</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.29%	16.77%	12.83%	10.58%	9.83%

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

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF FANWOOD

<u>Year</u>	<u>Population ^a</u>	<u>Monmouth County Per Capita Personal Income ^b</u>	<u>Personal Income (thousands of dollars) ^c</u>	<u>Borough Unemployment Rate ^d</u>
1998	7,115	\$ 35,122	\$ 249,893,030	2.30%
1999	7,102	35,633	253,065,566	2.30%
2000	7,174	39,655	284,484,970	1.90%
2001	7,207	39,831	287,062,017	2.30%
2002	7,233	40,177	290,600,241	3.10%
2003	7,217	40,852	294,828,884	3.00%
2004	7,180	42,365	304,180,700	2.60%
2005	7,147	44,026	314,653,822	2.80%
2006	7,126	47,840	340,907,840	2.90%
2007	7,143	47,840 *	341,721,120	2.60%

TOWNSHIP OF SCOTCH PLAINS

<u>Year</u>	<u>Population ^a</u>	<u>Monmouth County Per Capita Personal Income ^b</u>	<u>Personal Income (thousands of dollars) ^c</u>	<u>Township Unemployment Rate ^d</u>
1998	23,052	\$ 35,122	\$ 809,632,344	2.90%
1999	23,070	35,633	822,053,310	3.00%
2000	22,732	39,655	901,437,460	1.80%
2001	22,857	39,831	910,417,167	2.20%
2002	22,921	40,177	920,897,017	4.00%
2003	22,863	40,852	933,999,276	3.90%
2004	22,789	42,365	965,455,985	2.40%
2005	22,949	44,026	1,010,352,674	2.60%
2006	22,969	47,840	1,098,836,960	2.70%
2007	22,979	47,840 *	1,099,315,360	2.50%

* - Latest Union County per capita personal income available (2006) was used for calculation purposes.

Source:

- a - Population information provided by the US Department of Census - Population Division.
- b - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Information was not available as of the date of these financial statements.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction:				
Regular	354	362	367	374
Special Education	74	80	87	87
Support Services:				
Student & Instruction Related Services	118	120	128	126
General Administrative Services	3	3	3	3
School Administrative Services	59	59	61	62
Plant Operations and Maintenance	65	64	73	75
Pupil Transportation	6	6	7	6
Business and Other Support Services	36	37	37	34
Food Service	8	8	8	4
Total	<u>723</u>	<u>739</u>	<u>771</u>	<u>771</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District Personnel Records.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST FOUR FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2005	5,147	\$ 64,627,196	\$ 12,556	5.66%	428	16:1	14:1	14:1	5,067	4,873	3.18%	96.17%
2006	5,320	67,800,423	12,744	1.50%	442	16:1	14:1	14:1	5,220	5,012	3.02%	96.02%
2007	5,456	76,036,593	13,936	9.35%	454	16:1	13:1	15:1	5,340	5,130	2.30%	96.07%
2008	5,452	78,695,715	14,434	3.57%	461	15:1	13:1	14:1	5,333	5,123	-0.13%	96.06%

Note: Enrollment based on annual October District count.

- a - Enrollment is obtained from October 15 Enrollment Summary, including students placed out of district.
- b - Operating expenditures equal total expenditures less debt service and capital outlay.
- c - Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other (State) cost per pupil calculations.
- d - Teaching staff includes only full-time equivalents of certificated staff.
- e - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District records.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Elementary Schools</u>				
Howard B. Brunner (1961)				
Square Feet	50,580	50,580	50,580	50,580
Capacity (students)	383	383	383	383
Enrollment	403	449	468	460
J. Ackerman Coles (1963)				
Square Feet	60,152	60,152	60,152	60,152
Capacity (students)	440	440	440	440
Enrollment	541	548	545	528
Evergreen (1951)				
Square Feet	52,021	52,021	52,021	52,021
Capacity (students)	339	339	339	339
Enrollment	337	348	370	395
William J. McGinn (1973)				
Square Feet	51,498	51,498	51,498	51,498
Capacity (students)	389	389	389	389
Enrollment	458	474	474	475
School One (1972)				
Square Feet	49,208	49,208	49,208	49,208
Capacity (students)	337	337	337	337
Enrollment	338	371	390	388
<u>Middle Schools</u>				
Park (1922)				
Square Feet	123,510	123,510	123,510	123,510
Capacity (students)	795	795	795	795
Enrollment	775	744	745	794
Terrill (1964)				
Square Feet	125,743	125,743	125,743	125,743
Capacity (students)	637	637	637	637
Enrollment	783	819	863	841
<u>High School</u>				
Scotch Plains-Fanwood				
Square Feet	265,876	265,876	265,876	265,876
Capacity (students)	1,479	1,479	1,479	1,479
Enrollment	1,423	1,473	1,502	1,461

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>District Building</u>				
<u>Other</u>				
Administration Wing				
Square Feet	6,380	6,380	6,380	6,380
Maintenance Offices				
Square Feet	5,200	5,200	5,200	5,200
Outbuilding				
Square Feet	1,581	1,581	1,581	1,581

Number of Schools at June 30, 2008
 Elementary School = 5
 Middle School = 2
 High School = 1
 Other = 4

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Scotch Plains-Fanwood Regional School District.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST EIGHT FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

School Facilities*	Project # (s)	Fiscal Year Ended June 30,								
		2001	2002	2003	2004	2005	2006	2007	2008	
Howard B. Brunner Elementary	N/A	\$ 49,921	\$ 72,843	\$ 27,491	\$ 45,800	\$ 76,459	\$ 76,189	\$ 74,405	\$ 69,235	
J. Ackerman Coles Elementary	N/A	53,084	68,174	30,442	42,659	81,304	81,017	65,104	73,622	
Evergreen Elementary	N/A	42,957	66,306	26,795	44,365	65,793	65,561	74,405	59,577	
William J. McGinn Elementary	N/A	48,844	65,373	30,321	40,935	74,810	74,546	74,405	67,742	
School One Elementary	N/A	45,603	59,769	49,719	37,468	69,845	69,599	55,804	63,247	
Park Middle	N/A	112,179	124,207	43,874	77,818	171,813	171,208	120,908	155,581	
Terrill Middle	N/A	92,358	138,216	55,151	86,828	141,455	140,957	139,509	128,091	
Scotch Plains-Fanwood High	N/A	227,591	325,928	167,084	206,379	348,577	347,349	325,522	315,645	
Total School Facilities		672,537	920,816	430,877	582,252	1,030,056	1,026,426	930,062	932,740	
Other Facilities	N/A		13,074							
Grand Total		\$ 672,537	\$ 933,890	\$ 430,877	\$ 582,252	\$ 1,030,056	\$ 1,026,426	\$ 930,062	\$ 932,740	

N/A - Not Applicable.

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

The District does not include ten years' information as "Schedule of Required Maintenance for School Facilities" was not mandatory for fiscal years prior to June 30, 2001.

Source: Scotch Plains-Fanwood Regional School District records.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2008UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
MULTI PERIL PACKAGE POLICY		
Property		
Property - Blanket Building and Contents -		
Replacement Cost Values	\$ 107,902,176	
Extra Expense	1,000,000	
Flood	10,000,000	
Musical Instruments	Included in property limit	
Miscellaneous Equipment	5,000,000	
Computer Equipment	Included in property limit	
Demolition/Increase Cost of Construction	Included in property limit	
Energy Systems		
Spoilage	Included in property limit	
Commercial Liability		
Bodily Injury and Property Damage	Per occurrence 5,000,000	
	Aggregate 5,000,000	
Fire Damage	2,500,000	
Medical Expense Limit (excluding students)	5,000	
Employee Benefit Liability	Per occurrence and aggregate 5,000,000	
Crime Coverage		
Employee Dishonesty with Faithful Performance	100,000	\$ 1,000
Theft, Disappearance and Destruction -		
Money and Securities - Inside and Out	50,000	1,000
Forgery and Alteration	50,000	1,000
Computer Fraud	50,000	1,000
Business Automotive Coverage		
Bodily Injury and Property Damage (each)	5,000,000	
Personal Injury Protection	Statutory	
Uninsured and Underinsured	5,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2008
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
EXCESS UMBRELLA	Limit of liability \$ 5,000,000	
CAP	Limit of liability (group aggregate) 50,000,000	
FLOOD		
Elementary School #1 -		
Building	500,000	
Contents	500,000	
ENVIRONMENTAL IMPAIRMENT LIABILITY		
	Limit of liability (each loss) 1,000,000	\$ 10,000
STUDENT ACCIDENT	Limit of liability 1,000,000	
PUBLIC OFFICIAL BONDS		
Treasurer	400,000	
Business Administrator/Board Secretary	25,000	
South Bergen Workmen's Compensation Pool		
Worker's Compensation	Statutory	

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members
of the Board of Education
Scotch Plains-Fanwood Regional School District
County of Union, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Scotch Plains-Fanwood Regional School District, in the County of Union (the "Board") as of, and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted and its used in the United States of America such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Scotch Plains-Fanwood Regional School District
Page 2

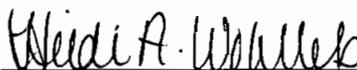
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we have noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance*, dated October 31, 2008.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be, used by anyone other than these specified parties.

Mount Arlington, New Jersey
October 31, 2008

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856-1320
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Scotch Plains-Fanwood Regional School District
 County of Union, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Scotch Plains-Fanwood Regional School District in the County of Union (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey *State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance 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 "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008.

The Honorable President and Members
of the Board of Education
Scotch Plains-Fanwood Regional School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A control deficiency in the Board's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the Board's internal control.

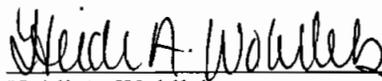
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the Board's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mount Arlington, New Jersey
October 31, 2008

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2007		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2008									
			From	To		Revenue/ (Accounts Receivable)	Due to Grantor						(Accounts Receivable)	Deferred Revenue	Due to Grantor							
U.S. Department of Education - Passed- through State Department of Education:																						
Special Education Cluster:																						
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-5310-08	9/1/07	8/31/08	\$ 1,176,176				\$ 1,176,176	\$ (1,174,858)				\$ 1,318								
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-5310-07	9/1/06	8/31/07	1,126,597	\$ 60,989		\$ (60,989)														
I.D.E.A. - Part B, Basic Regular - Summer	84.027	IDEA-5310-07	9/1/06	8/31/07	1,126,597			54,864	(54,864)													
I.D.E.A. - Part B, Basic Regular - Carryover	84.027	IDEA-5310-07	9/1/06	8/31/08	1,126,597			6,125	(345)	\$ 345			6,125									
I.D.E.A. - Part B, Basic Regular - Carryover	84.027	IDEA-5310-05	9/1/04	8/31/06	880,725		\$ 6				\$ (6)											
I.D.E.A. - Part B, Basic Regular - Summer	84.027	IDEA-5310-05	9/1/05	8/31/06	68,306		103				(103)											
I.D.E.A. - Part B, Preschool	84.173	IDEA-5310-08	9/1/07	8/31/08	56,430			56,430	(54,406)				2,024									
I.D.E.A. - Part B, Preschool - Carryover	84.173	IDEA-5310-07	9/1/06	8/31/08	56,078				(373)	535			162									
I.D.E.A. - Part B, Preschool - Carryover	84.173	IDEA-5310-06	9/1/05	8/31/07	51,754		11,347				(11,347)											
I.D.E.A. - Part B, Preschool - Carryover	84.173	IDEA-5310-05	9/1/04	8/31/06	47,399		1,166				(1,166)											
Subtotal Special Education Cluster						60,989	12,622		1,232,606	(1,284,846)	880	(12,622)	9,629									
No Child Left Behind:																						
Title I	84.010	NCLB-5310-08	9/1/07	8/31/08	85,270				85,270	(73,178)			12,092									
Title I	84.010	NCLB-5310-07	9/1/06	8/31/07	89,354	16,047		(16,047)														
Title I - Summer	84.010	NCLB-5310-07	9/1/06	8/31/07	89,354			16,046	(16,046)													
Title I - Carryover	84.010	NCLB-5310-07	9/1/06	8/31/08	89,354			1	(71)	70												
Title II A	84.367A	NCLB-5310-08	9/1/07	8/31/08	84,663			84,663	(61,708)				22,955									
Title II A	84.367A	NCLB-5310-07	9/1/06	8/31/07	85,090	20,662		(20,662)														
Title II A - Summer	84.367A	NCLB-5310-07	9/1/06	8/31/07	85,090			12,864	(12,864)													
Title II A - Carryover	84.367A	NCLB-5310-07	9/1/06	8/31/08	85,090			7,798	(4,026)	212			3,984									
Title II A - Carryover	84.367A	NCLB-5310-06	9/1/05	8/31/07	87,220	7,022			(4,835)				2,187									
Title II A - Carryover	84.367A	NCLB-5310-05	9/1/04	8/31/06	86,758		6,787				(6,787)											
Title II D	84.318	NCLB-5310-08	9/1/07	8/31/08	583			583	(75)				508									
Title II D	84.318	NCLB-5310-07	9/1/06	8/31/07	412	356		(356)														
Title II D - Summer	84.318	NCLB-5310-07	9/1/06	8/31/07	412			339	(339)													
Title II D - Carryover	84.318	NCLB-5310-07	9/1/06	8/31/08	412			17					17									
Title II D - Carryover	84.318	NCLB-5310-06	9/1/05	8/31/07	1,599	1,315			(1,315)													
Title IV	84.186A	NCLB-5310-08	9/1/07	8/31/08	13,965			13,965	(8,136)				5,829									
Title IV	84.186A	NCLB-5310-07	9/1/06	8/31/07	12,783	3,180		(3,180)														
Title IV - Summer	84.186A	NCLB-5310-07	9/1/06	8/31/07	12,783			1,500	(1,500)													
Title IV - Carryover	84.186A	NCLB-5310-07	9/1/06	8/31/08	12,783			1,680	(1,674)				6									
Title IV - Carryover	84.186A	NCLB-5310-06	9/1/05	8/31/07	14,483	1,227			(1,227)													
Title IV - Carryover	84.186A	NCLB-5310-05	9/1/04	8/31/06	12,614		165				(165)											
Title V	84.298A	NCLB-5310-08	9/1/07	8/31/08	7,364			7,364	(17)				7,347									
Title V	84.298A	NCLB-5310-07	9/1/06	8/31/07	8,223	3,623		(3,623)														
Title V - Summer	84.298A	NCLB-5310-07	9/1/06	8/31/07	8,223			3,163	(3,163)													
Title V - Carryover	84.298A	NCLB-5310-07	9/1/06	8/31/08	8,223			460					460									
Title V - Carryover	84.298A	NCLB-5310-06	9/1/05	8/31/07	12,646	10,297			(9,868)				429									
Title V - Carryover	84.298A	NCLB-5310-05	9/1/04	8/31/06	19,205		167				(167)											
Elementary School - Foreign Language Program - Carryover	84.294A	N/A	9/1/04	8/31/06	29,728	(27,159)		27,159														
Total U.S. Department of Education						97,559	19,741		1,451,610	(1,484,888)	1,162	(19,741)	65,443									

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2007			Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2008			
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount					(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture - Passed- through State Department of Education: Child Nutrition Cluster:																
Special Milk Program	10.556	N/A	7/1/07	6/30/08	\$ 5,389			\$ 5,052	\$ (5,389)			\$ (337)				
Special Milk Program	10.556	N/A	7/1/06	6/30/07	7,038	\$ (935)		935								
National School Lunch Program	10.555	N/A	7/1/07	6/30/08	126,152			118,978	(126,152)				(7,174)			
National School Lunch Program	10.555	N/A	7/1/06	6/30/07	120,525	(23,587)		23,587								
Federal Food Distribution Program	10.555	N/A	7/1/07	6/30/08	71,069			71,069	(71,069)							
Subtotal Child Nutrition Cluster						(24,522)		219,621	(202,610)				(7,511)			
Total U.S. Department of Agriculture						(24,522)		219,621	(202,610)				(7,511)			
TOTAL FEDERAL AWARDS						\$ 73,037	\$ 19,741	\$ -0-	\$ 1,671,231	\$ (1,687,498)	\$ 1,162	\$ (19,741)	\$ (7,511)	\$ 65,443	\$ -0-	

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2007			Prior Year Encumbrances Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO	
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable
State Department of Education:														
General Fund:														
Transportation Aid	08-495-034-5120-014	7/1/07	6/30/08	\$ 715,918			\$ 682,199	\$ (715,918)					\$ 33,719	\$ 715,918
Transportation Aid	07-495-034-5120-014	7/1/06	6/30/07	715,918	\$ (32,538)		32,538							
Special Education Aid	08-495-034-5120-011	7/1/07	6/30/08	2,936,944			2,798,617	(2,936,944)					138,327	2,936,944
Special Education Aid	07-495-034-5120-011	7/1/06	6/30/07	2,936,944	(133,484)		133,484							
Bilingual Education	08-495-034-5120-008	7/1/07	6/30/08	28,086			26,763	(28,086)					1,323	28,086
Bilingual Education	07-495-034-5120-008	7/1/06	6/30/07	28,086	(1,277)		1,277							
Consolidated Aid	08-495-034-5120-057	7/1/07	6/30/08	315,939			301,059	(315,939)					14,880	315,939
Consolidated Aid	07-495-034-5120-057	7/1/06	6/30/07	315,939	(14,359)		14,359							
Additional Formula Aid	08-100-034-5120-058	7/1/07	6/30/08	243,411			231,947	(243,411)					11,464	243,411
Additional Formula Aid	07-100-034-5120-058	7/1/06	6/30/07	119,907	(5,450)		5,450							
Nonpublic School Transportation Costs	08-495-034-5120-014	7/1/07	6/30/08	36,056				(36,056)		\$ (36,056)			36,056	36,056
Nonpublic School Transportation Costs	07-495-034-5120-014	7/1/06	6/30/07	37,236			37,236	(37,236)						37,236
Post School Outcomes	N/A	7/1/07	6/30/08	800			800	(800)						800
Teacher Quality Mentoring	08-495-034-5120-052	7/1/07	6/30/08	14,699			14,699	(14,699)						14,699
Extraordinary Special Education Costs Aid	08-100-034-5120-473	7/1/07	6/30/08	286,028				(286,028)		(286,028)			286,028	286,028
Extraordinary Special Education Costs Aid	07-100-034-5120-473	7/1/06	6/30/07	272,743	(272,743)		272,743							
TPAF Social Security Aid	08-495-034-5095-002	7/1/07	6/30/08	2,356,825			2,240,602	(2,356,825)		(116,223)			116,223	2,356,825
TPAF Social Security Aid	07-495-034-5095-002	7/1/06	6/30/07	2,237,926	(117,311)		117,311							
Total General Fund State Aid					(577,162)		6,911,084	(6,971,942)		(438,307)			638,020	6,971,942
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	08-100-034-5120-064	7/1/07	6/30/08	59,299			59,299	(58,283)					\$ 1,016	58,283
Textbook Aid (Chapter 194)	07-100-034-5120-064	7/1/06	6/30/07	61,223		\$ 1,633			\$ (1,633)					
Nursing Services (Chapter 226)	08-100-034-5120-070	7/1/07	6/30/08	81,909			81,909	(81,909)						81,909
Auxiliary Services (Chapter 192):														
Transportation	08-100-034-5120-067	7/1/07	6/30/08	15,462			15,462	(15,462)						15,462
Compensatory Education	08-100-034-5120-067	7/1/07	6/30/08	64,696			64,696	(64,696)						64,696
English as a Second Language	08-100-034-5120-067	7/1/07	6/30/08	5,075			5,075	(3,045)					2,030	3,045
English as a Second Language	07-100-034-5120-067	7/1/06	6/30/07	2,030		1,015			(1,015)					
Handicapped Services (Chapter 193):														
Supplementary Instruction	08-100-034-5120-066	7/1/07	6/30/08	79,213			79,213	(79,213)						79,213
Supplementary Instruction	07-100-034-5120-066	7/1/06	6/30/07	63,602		1,652			(1,652)					
Examination and Classification	08-100-034-5120-066	7/1/07	6/30/08	117,152			117,152	(108,435)					8,717	108,435
Examination and Classification	07-100-034-5120-066	7/1/06	6/30/07	99,765		1,985			(1,985)					
Corrective Speech	08-100-034-5120-066	7/1/07	6/30/08	24,180			24,180	(24,180)						24,180
Home Instruction	08-100-034-5120-066	7/1/07	6/30/08	5,082				(5,082)		(5,082)			5,082	5,082
Technology Initiative	08-100-034-5120-373	7/1/07	6/30/08	42,440			42,440	(41,476)					964	41,476
Technology Initiative	07-100-034-5120-373	7/1/06	6/30/07	43,880		139			(139)					
Character Education Aid	06-100-034-5120-418	7/1/04	6/30/05	15,883		2,468			(2,468)					
Astronomy	N/A	7/1/05	6/30/08	25,900	(11,095)		11,162	(93)	\$ 26					21,610
Early Learning and Language Initiative (ELL)	N/A	7/1/07	6/30/08	49,500			39,600	(40,500)		(900)			900	40,500
Early Learning and Language Initiative (ELL)	N/A	7/1/06	6/30/07	45,000		990		(9,990)						45,000
Early Learning and Language Initiative (ELL)	N/A	7/1/05	6/30/06	45,000		1,540			(1,540)					
Total Special Revenue Fund					(10,105)	10,432	549,188	(532,364)	26	(10,432)	(5,982)		12,727	588,891

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2007			Budgetary Expenditures	Prior Year Encumbrances Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2008			MEMO	
		From	To		Budgetary Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received				GAAP (Accounts Receivable)	Budgetary Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
Enterprise Fund:															
State School Lunch Program	08-100-010-3350-023	7/1/07	6/30/08	\$ 15,042											
State School Lunch Program	07-100-010-3350-023	7/1/06	6/30/07	14,088	\$ (2,739)		\$ 14,188	\$ (15,042)			\$ (854)			\$ 854	\$ 15,042
Total Enterprise Fund					<u>(2,739)</u>		<u>16,927</u>	<u>(15,042)</u>			<u>(854)</u>			<u>854</u>	<u>15,042</u>
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction & Financing	SP-201298	N/A	N/A	1,725,546	(77,650)									77,650	1,725,546
Educational Facilities Construction & Financing	SP-201299	N/A	N/A	2,373,600	(462,852)									462,852	2,373,600
Educational Facilities Construction & Financing	SP-4570-050-04-0AUJ	N/A	N/A	482,217	(94,032)									94,032	482,217
Total Capital Projects Fund					<u>(634,534)</u>									<u>634,534</u>	<u>4,581,363</u>
TOTAL STATE AWARDS					<u>\$ (1,224,540)</u>	<u>\$ 10,432</u>	<u>\$ 7,477,199</u>	<u>\$ (7,519,348)</u>	<u>\$ 26</u>	<u>\$ (10,432)</u>	<u>\$ (445,143)</u>	<u>\$ -0-</u>	<u>\$ 12,727</u>	<u>\$ 1,279,390</u>	<u>\$ 12,157,238</u>

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards include federal and state award activities of the Board of Education, Scotch Plains-Fanwood Regional School District. The Board of Education is defined in Note 1 to the Board's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting with the exception 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 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,605) for the general fund, \$(22,436) for the special revenue fund and \$634,534 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. See Exhibit F-1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the capital projects fund. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Medical Benefit Contributions revenue of \$2,186,496 and \$2,661,166 respectively. Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,806,999	\$11,806,999
Special Revenue Fund	\$ 1,479,512	532,364	2,011,876
Capital Projects Fund		634,534	634,534
Food Service Enterprise Fund	202,610	15,042	217,652
Total Financial Assistance	<u>\$ 1,682,122</u>	<u>\$12,988,939</u>	<u>\$14,671,061</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2008. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has been awarded grants totaling \$11,611,448 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2008, the District had expended \$11,457,348, canceled \$154,100 and drawn down \$10,822,814 of the grant funds. In the Capital Projects Fund, the District realized the full amount of the grant funds as revenue on a budgetary basis in the year awarded and is realizing the grant funds as revenue on a GAAP basis as they are expended.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133, *Audits of State, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. - Part B, Basic:				
Regular:				
2007-08	IDEA-5310-08	9/1/07-8/31/08	\$1,176,176	\$ 1,174,858
2006-07 Summer	IDEA-5310-07	9/1/06-8/31/07	1,126,597	54,864
2006-07 Carryover	IDEA-5310-07	9/1/06-8/31/08	1,126,597	345
Preschool:				
2007-08	IDEA-5310-08	9/1/07-8/31/08	56,430	54,406
2006-07 Carryover	IDEA-5310-07	9/1/06-8/31/08	56,078	373
<u>State:</u>				
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	715,918	715,918
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	2,936,944	2,936,944
Bilingual Education Aid	08-495-034-5120-008	7/1/07-6/30/08	28,086	28,086
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	315,939	315,939
Additional Formula Aid	08-100-034-5120-058	7/1/07-6/30/08	243,411	243,411
Reimbursed TPAF				
Social Security Aid	08-495-034-5095-002	7/1/07-6/30/08	2,356,825	2,356,825

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold for distinguishing both federal and state Type A and Type B programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings:

The District had no prior year audit findings.