

**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, 2015**

**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, 2015**

**Prepared by**

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

**Finance Department**

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	7
Roster of Officials.....	8
Consultants and Advisors .....	9

FINANCIAL SECTION ..... 10

Independent Auditors' Report .....	11
------------------------------------	----

Required Supplementary Information.....	14
---	----

Management's Discussion and Analysis (Unaudited).....	15
Post-Retirement Benefits – Schedule of Funding Progress (Unaudited) .....	25

Basic Financial Statements (Sections A. and B.).....	26
--	----

A. District-Wide Financial Statements.....	27
A-1 Statement of Net Position .....	28
A-2 Statement of Activities .....	29

B. Fund Financial Statements .....	31
B-1 Balance Sheet – Governmental Funds.....	32
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	33
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	34
B-4 Statement of Net Position – Proprietary Funds .....	35
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	36
B-6 Statement of Cash Flows – Proprietary Funds .....	37
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	38
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	39

Notes to the Basic Financial Statements .....	40
---	----

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	74
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System .....	74
L-2 Schedule of District Contributions – Public Employees' Retirement System.....	75
L-3 Schedule of District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund .....	76

Notes to Required Supplementary Information.....	77
--	----

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Unaudited) (Cont'd)

C. Budgetary Comparison Schedules (Unaudited) .....	78
C-1 Budgetary Comparison Schedule – General Fund.....	79
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	92
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information.....	93

Supplementary Schedules (Sections D. to I.)

D. School Level Schedules (Not Applicable) .....	95
E. Special Revenue Fund.....	96
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	97
E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis .....	101
F. Capital Projects Fund .....	102
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	103
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Park Middle School – Security Alarm System Project .....	104
F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Terrill Middle School – Security Alarm System Wall Project.....	105
F-1c Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – School One Elementary School – Security Alarm System Project.....	106
F-1d Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Brunner Elementary School – Security Alarm System Project.....	107
F-1e Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Coles Elementary School – Security Alarm System Project.....	108
F-1f Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Coles Elementary School – Window Replacement Project .....	109
F-1g Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Evergreen Elementary School – Window Replacement Project.....	110
F-1h Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Scotch Plains-Fanwood High School – HVAC Replacement Project .....	111
F-1i Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Evergreen Elementary School – Roof Replacement Project.....	112
F-1j Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Park Middle School – Waterproof Below Grade Portions of Front Wall Project .....	113
F-1k Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Terrill Middle School – Roof Replacement Project.....	114
F-1l Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Scotch Plains-Fanwood High School – Fire Alarm Replacement Project .....	115
F-1m Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Terrill Middle School – Fire Alarm Replacement Project .....	116

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules (Sections D. to I.) (Cont'd)

F. Capital Projects Fund (Cont'd)

F-1n	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – McGinn Elementary School – HVAC Upgrades Project .....	117
F-1o	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Scotch Plains-Fanwood High School – Science Lab Project.....	118

G. Proprietary Funds ..... 119

Enterprise Funds:

G-1	Combining Statement of Net Position .....	120
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position .....	121
G-3	Combining Statement of Cash Flows .....	122

H. Fiduciary Funds..... 123

H-1	Combining Statement of Fiduciary Net Position.....	124
H-2	Statement of Changes in Fiduciary Net Position.....	125
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	126
H-4	Student Activity Agency Fund Statement of Activity.....	127
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	128

I. Long-Term Debt..... 129

I-1	Schedule of Serial Bonds.....	130
I-2	Schedule of Obligations Under Capital Leases .....	131
I-3	Debt Service Fund Budgetary Comparison Schedule (Unaudited) .....	132

STATISTICAL SECTION

J. Statistical Section (Unaudited)..... 133

J-1	Net Position by Component.....	134
J-2	Changes in Net Position .....	135
J-3	Fund Balances - Governmental Funds.....	137
J-4	Changes in Fund Balances - Governmental Funds.....	138
J-5	General Fund Other Local Revenue by Source .....	140
J-6	Assessed Value and Estimated Actual Value of Taxable Property .....	141
J-7	Direct and Overlapping Property Tax Rates.....	142
J-8	Principal Property Taxpayers .....	143
J-9	Property Tax Levies and Collections.....	144
J-10	Ratios of Outstanding Debt by Type .....	145
J-11	Ratios of Net General Bonded Debt Outstanding.....	146
J-12	Ratios of Overlapping Governmental Activities Debt.....	147
J-13	Legal Debt Margin Information .....	148
J-14	Demographic and Economic Statistics .....	149
J-15	Principal Employers .....	150
J-16	Full-Time Equivalent District Employees by Function/Program .....	151
J-17	Operating Statistics.....	152
J-18	School Building Information .....	153
J-19	Schedule of Required Maintenance for School Facilities.....	155
J-20	Insurance Schedule.....	156

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

TABLE OF CONTENTS

FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

K.	SINGLE AUDIT SECTION .....	158
K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	159
K-2	Independent Auditor's Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 .....	161
	Schedule of Expenditures of Federal Awards .....	163
	Schedule of Expenditures of State Awards .....	165
	Notes to Schedules of Expenditures of Federal and State Awards.....	167
	Schedule of Findings and Questioned Costs .....	169
	Summary Schedule of Prior Audit Findings.....	171

**INTRODUCTORY SECTION**

# The Scotch Plains-Fanwood Public Schools

Evergreen Avenue and Cedar Street  
SCOTCH PLAINS, NEW JERSEY 07076

November 16, 2015

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, 2015. 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 Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *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 603 school districts in the State of New Jersey and one of 21 school districts in the County of Union. The School District provides education to students in grade levels 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 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.

The Honorable President and Members of  
 the Board of Education  
 Scotch Plains-Fanwood Regional School District  
 Page 2  
 November 16, 2015

**1) REPORTING ENTITY AND ITS SERVICES:** The Scotch Plains-Fanwood Regional School District is an independent reporting entity within the criteria adopted by the Governmental 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 2014-2015 school year with an average daily enrollment of 5,427 students, compared to 5,463 students as of June 30, 2014. Enrollment is defined as students on roll and students placed out of district.

**2) EDUCATIONAL PROGRAMS:** 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, service learning is emphasized within the sequence of the K-12 curriculum continuum.

**3) MAJOR INITIATIVES:** Students continue to score above the State and National averages on District administered tests. As measured by the HSPA, 97.5% of our eleventh grade general education students scored proficient or above in language arts literacy and 89.9% of our eleventh grade general education students scored proficient or above in mathematics. In the areas of NJ ASK results, the elementary and middle schools always scored above the state and similar to other schools in District Factor Group I.

### **Technology**

A range of technology initiatives occurred during 2014-2015 school year. Chromebooks were purchased for all Middle School Writing Workshop classes. Each elementary school received a new mobile lab of Apple computers. Scheduled faculty received new laptop computers. Additionally, iPads were purchased to support the 11<sup>th</sup> grade Global Studies program. Additional LCD Projectors and sound systems were purchased to provide multi-media access for targeted district classrooms. Software licenses were renewed including Casper licenses that provides device management for all Mac OS X devices. Software was purchased for PRTG network monitoring. A new ASA 5585 firewall was installed providing network visibility and advanced malware protection.

### **Mathematics**

During the 2014-2015 school year, the mathematics department professional development activities focused on the identification of secure skills and the design of pre-assessments. The end-of-year assessments were modified for consistency of scoring. Elementary school teachers continued to use a mastery scope and sequence to focus on secure skills for their grade level. At the middle school level, the Math Explorations curriculum was revised to emphasize particular skills as indicated by the Performance Level Descriptors of the PARCC assessment. Additionally, all seventh and eighth grade teachers received more training on the *Connected Mathematics 3* program, which was newly adopted. The high school teachers compared the curriculum in Algebra I, Algebra & Analytic Geometry, and Algebra II to the PARCC assessment performance level descriptors. Consequently, the teachers conducted an audit of the curriculum and modified it as needed. At all levels, modifications were made to existing benchmarks.

The Honorable President and Members of  
the Board of Education  
Scotch Plains-Fanwood Regional School District  
Page 3  
November 16, 2015

### **Language Arts**

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2014-2015 school year. These resources included some of the following titles: *The Outsiders*, *The Crucible*, *Peak* and *The Great Gatsby*. We also continued to purchase teacher texts to support continued professional development in reading and writing instruction. *Notice and Note*, *Falling in Love with Close Reading*, *What Readers Really Do*, *Conferring with Writers*, and *How's it Going?* helped us continue to work towards this. The department also continues to expand our global and nonfiction literature selections to better address district priorities and the new Common Core Standards. Most notably, we purchased *Cal and Blood Brothers* to help support these goals. Funds at the elementary level continued to support the purchase of our new standards-aligned balanced literacy program, *Good Habits Great Readers* and *Words Their Way*. Additional resources were provided to classroom teachers in order to build their individual classroom libraries. Beyond replenishing and increasing resources, teachers were provided with multiple opportunities to insure that the curriculum was aligned to the Common Core Standards.

### **Social Studies**

The Social Studies Department budget allocations in 2014-2015 focused on our continuing efforts to bring more globally-oriented materials to classrooms, the infusion of literacy instruction in the social studies, and to support the diverse range of learners in our classrooms. At the elementary level, a variety of fiction and non-fiction texts were purchased to support literacy and global perspectives. In addition, maps and globes have been updated in many classrooms. At the middle school level, materials were purchased to support a diverse range of learners, such as leveled texts. Many of these resources also help to enhance integration of non-fiction text analysis to further promote student achievement of the Common Core Standards in Literacy. At the high school level, a variety of texts, both fiction and non-fiction, were purchased to support teachers in implementing the Common Core State Standards in Literacy. Subscriptions to online resources and databases have been maintained to provide teachers with access to an extensive variety of digital resources including text and multimedia sources.

### **Science**

For the 2014-2015 school year, the continued focus of the department is to provide and support learning environments that promote hands-on, inquiry-based activities. Elementary teachers continue to receive support materials and resources to support their science classes as they utilize both the GEMS and FOSS modules in their classrooms. At the middle and high school levels, the teachers continue to work on inquiry-based lessons to further student engagement and to bring real-world applications into the classroom. Teachers continue to utilize technology through the instructional usage of LCD projectors and through student usage of laptop carts and Vernier Labquest devices to acquire laboratory data. Advanced Placement Biology and Chemistry teachers, as a result of attending workshops sponsored by the College Board that informed them of crucial changes in those courses of study, are collaborating to move their courses to a broad based, inquiry-based curriculum. Additionally the AP Chemistry teachers are making use of the media edition of the textbook as a teaching and learning resource. This enables students to access information, use on-line tutorials for extra help and complete and submit assignments on-line. Teachers at the middle and high school have continued to use the Rubicon Atlas website as a means to share and collaborate the development of units, lessons, and assessments.

The Honorable President and Members of  
the Board of Education  
Scotch Plains-Fanwood Regional School District  
Page 4  
November 16, 2015

### **World Languages**

Since World Languages is primarily a non-textbook based content area, a good part of the budget continued to go towards supplies and resources that supported instruction, promoted the development of students' language proficiency, and facilitated collaborative global projects. In particular, additional instructional materials were purchased to support our growing Mandarin program. Purchases for all languages included manipulatives, audio resources, cultural DVDs and authentic literary and cultural resources, such as Scholastic and other authentic language magazines for upper level courses. At the high school level, we purchased instructional materials and resources to support the recent change in format and focus of the AP courses and exams. Additionally, we purchased classroom sets of textbooks for Spanish II classes at the high school.

### **Fine Arts**

This year the budget supported all of the Fine Arts curriculum with financial assistance to all co-curricular activities, and scheduled classes. The budget supported the renovation of marching band tubas, percussion, and brass instruments. The budget also supported additional K-12 fine arts department field trips.

At Park Middle School, the band room has been renovated with a new heating and air conditioning system. This will benefit the summer music program which operates in the month of July.

Additional funds have been allocated for the increase in art supplies. All of the district kilns have been repaired and are in operating order for the 2015-2016 school year.

### **Professional Development**

In 2014-2015 the district continued to provide three in-service days of staff development as well as optional summer workshop opportunities. Staff development also took place in department and faculty meetings, in district study groups, in program visitations, and in out-of-district workshops. A two-day summer orientation program was provided for all first year teachers, as well as for teachers new to the district, providing guidance for new staff. This support continued through New Teacher Roundtable Workshops provided throughout the year. Additionally, a district professional development advisory council comprising of teacher representatives from all levels was formed facilitating peer-to-peer professional development.

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 is 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.

The Honorable President and Members of  
 the Board of Education  
 Scotch Plains-Fanwood Regional School District  
 Page 5  
 November 16, 2015

4) INTERNAL ACCOUNTING CONTROLS: (Cont'd) 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.

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 a vote of the Board of Education. 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 fund balance restrictions, commitments and assignments at June 30, 2015.

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) 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.

8) 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.

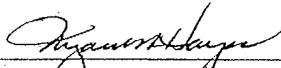
The District is a member of the South Bergen Region VII Workers' Compensation Pool (the "Pool"). The Pool is a risk-sharing public entity risk management pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Pool is included in Note 11 to the Basic Financial Statements.

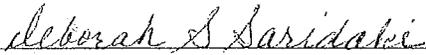
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state 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 Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific related supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members of  
the Board of Education  
Scotch Plains-Fanwood Regional School District  
Page 6  
November 16, 2015

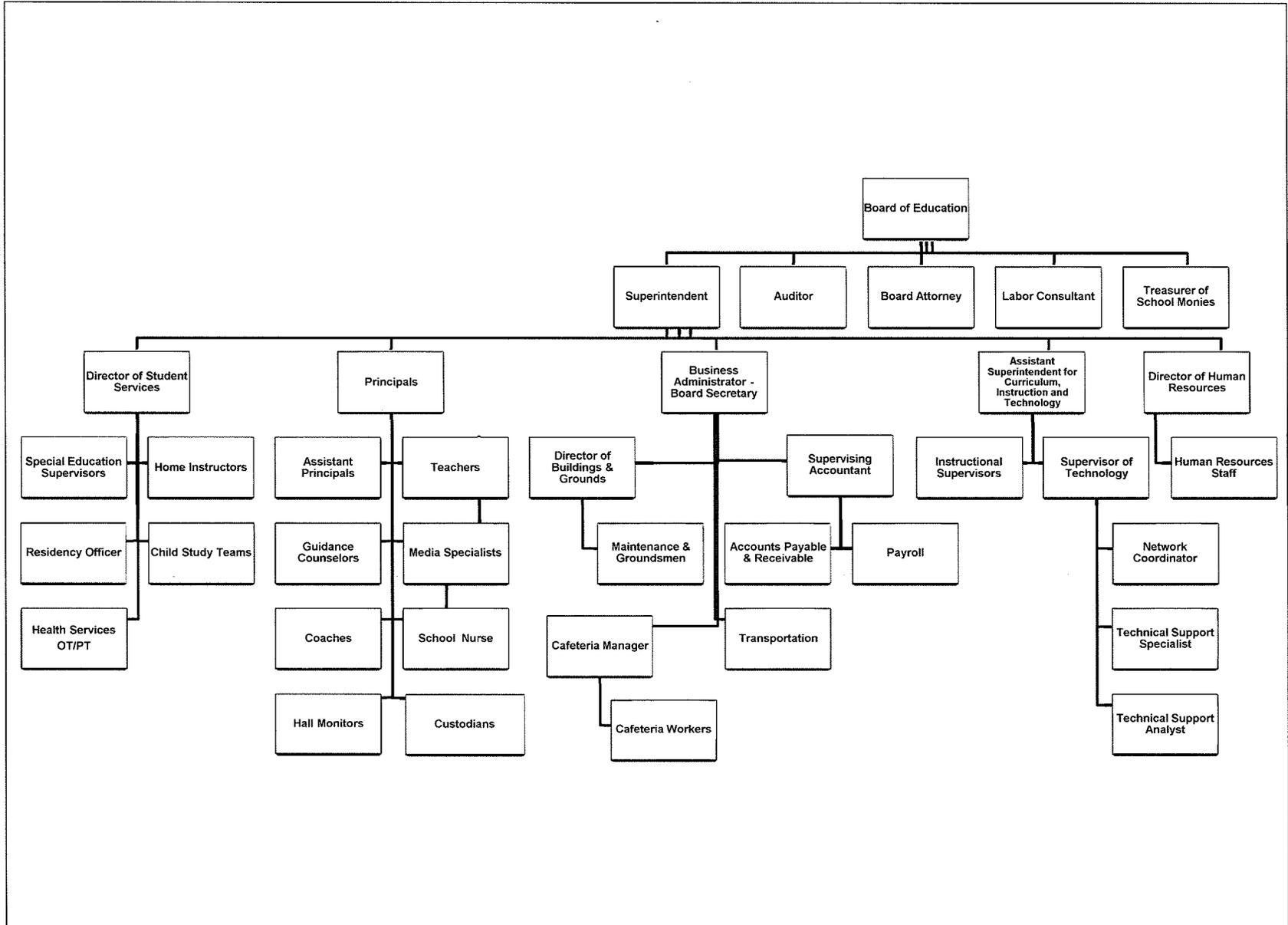
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Scotch Plains-Fanwood Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support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

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Margaret W. Hayes  
Superintendent of Schools

  
Deborah S. Saridaki  
School Business Administrator/Board Secretary

**Organizational Chart**  
**Scotch Plains-Fanwood Public Schools**  
**2014 - 2015**



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy Bauer, President	2016
Jeanne Cleary, Vice President	2017
Karen Kulikowski	2015
Warren McFall	2017
Evan Murray	2017
Charlotte Schirmer	2016
Norman "Trip" Whitehouse	2015
Amy Winkler	2016
Betty Anne Woerner	2015

Other OfficialsTitle

Dr. Margaret W. Hayes	Superintendent of Schools
Deborah S. Saridaki	School Business Administrator/Board Secretary
Richard M. Barre	Treasurer
Casper P. Boehm, Jr.	Board Attorney

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Casper P. Boehm, Jr., Esq.  
Counselor at Law  
155 Harrison Road  
Jacobstown, NJ 08562

**Architect of Record**

Potter Architects, LLC  
410 Colonial Avenue  
Union, NJ 07083-7347

**Official Depository**

TD Bank  
245 Park Avenue  
Scotch Plains, NJ 07076

**FINANCIAL SECTION**



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotch Plains/Fanwood Regional Board of Education (the "District") in the County of Union, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Office of School 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotch Plains/Fanwood Regional Board of Education, in the County of Union, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the required supplementary information pension schedules and post-retirement benefits funding progress and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members  
of the Board of Education  
Scotch Plains-Fanwood Regional School District  
Page 3

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Nisivoccia, LLP*

Mount Arlington, New Jersey  
November 16, 2015

NISIVOCCIA LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
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, 2015  
(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, 2015. 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.

**Financial Highlights**

- The District's financial status remains strong and improved \$7,835,788 on a District-wide basis and \$4,541,812 on a fund basis.
- Overall revenue was \$105,525,378 on a District-wide basis.
- Overall expenditures were \$97,689,590 on a District-wide basis.

**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 summer community education programs.
- *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, 2015  
(UNAUDITED)**

**Figure A-1  
Organization of Scotch Plains-Fanwood Regional School District's Financial Report**

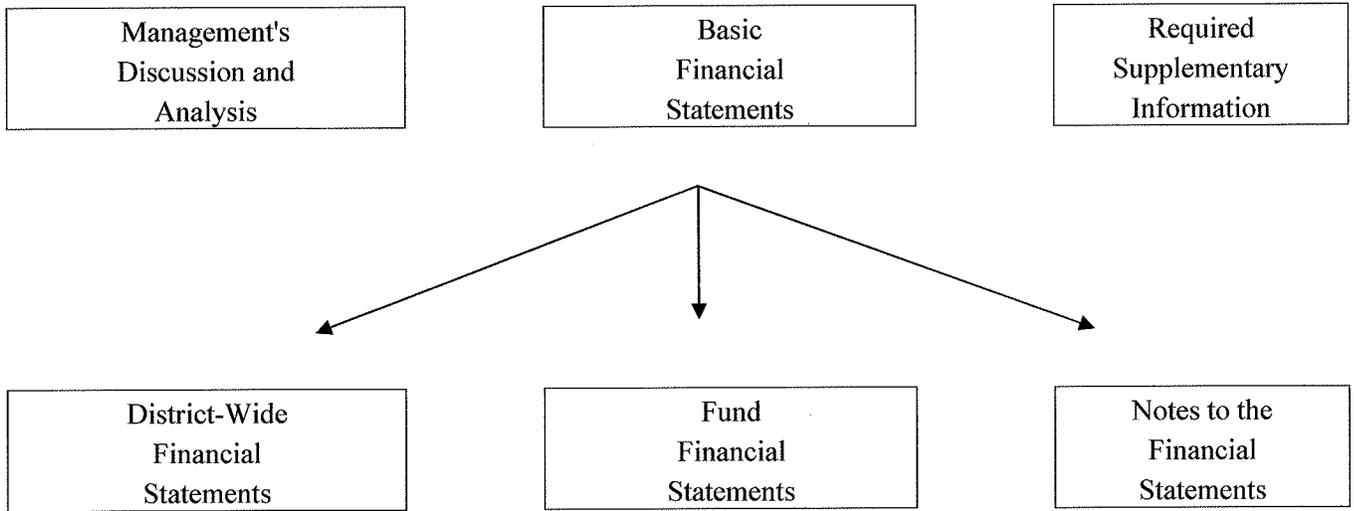


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 summer community education program	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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, 2015  
(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 position includes all of the District's assets, deferred inflows and outflows, 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 position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position 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 summer community education programs 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, 2015  
(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 Position.* The District's *combined* net position was \$19,767,861 on June 30, 2015, \$7,835,788 or 65.67% more than the year before (See Figure A-3). Net investment in capital assets increased by \$3,709,069 due to bonded debt maturities of \$1,240,000, \$635,374 of capital leases retired, and \$3,647,962 of capital additions, offset by \$570,000 in new capital leases, depreciation of \$1,216,722 and \$27,281 related to governmental and business-type capital assets, respectively, and capital asset disposals, net of depreciation, of \$264. Restricted net position increased by \$2,659,512 due to a net increase in the capital reserve account of \$2,657,137 and an increase in the maintenance reserve account of \$2,375. Unrestricted net position increased by \$1,467,207 mainly due to excess local, state and federal revenues, unexpended budget appropriations, decreases in accrued interest payable, unamortized deferred bond interest and unamortized bond premiums, and changes in pension assumptions and proportions, offset by the change in net pension liability, investment gains in pensions and increases in compensated absences payable and the liability for the other post-retirement benefits payable.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2014/15
	2014/15	2013/14 (Restated)	2014/15	2013/14	2014/15	2013/14 (Restated)	
Current and Other Assets	\$ 21,442,638	\$ 17,338,245	\$ 554,890	\$ 622,270	\$ 21,997,528	\$ 17,960,515	22.48%
Capital Assets, Net	33,355,301	31,094,069	340,838	198,375	33,696,139	31,292,444	7.68%
Total Assets	<u>54,797,939</u>	<u>48,432,314</u>	<u>895,728</u>	<u>820,645</u>	<u>55,693,667</u>	<u>49,252,959</u>	13.08%
Deferred Outflows of Resources	<u>1,776,593</u>	<u>689,868</u>			<u>1,776,593</u>	<u>689,868</u>	157.53%
Long-Term Debt Outstanding	34,308,158	35,383,864			34,308,158	35,383,864	-3.04%
Other Liabilities	2,038,317	2,578,756	65,214	48,134	2,103,531	2,626,890	-19.92%
Total Liabilities	<u>36,346,475</u>	<u>37,962,620</u>	<u>65,214</u>	<u>48,134</u>	<u>36,411,689</u>	<u>38,010,754</u>	-4.21%
Deferred Inflows of Resources	<u>1,290,710</u>				<u>1,290,710</u>		100.00%
Net Position:							
Net Investment in Capital Assets	23,387,130	19,820,524	340,838	198,375	23,727,968	20,018,899	18.53%
Restricted	13,091,638	10,432,166			13,091,638	10,432,166	25.49%
Unrestricted (Deficit)	(17,541,421)	(19,093,088)	489,676	574,136	(17,051,745)	(18,518,952)	-7.92%
Total Net Position	<u>\$ 18,937,347</u>	<u>\$ 11,159,602</u>	<u>\$ 830,514</u>	<u>\$ 772,511</u>	<u>\$ 19,767,861</u>	<u>\$ 11,932,113</u>	65.67%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

*Changes in Net Position.* The District's combined net position increased by \$7,835,788 or 65.67%. Net position from governmental activities increased by \$7,777,785 and net position from business-type activities increased by \$58,003 (See Figure A-4).

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change 2013/14
Revenue:							
Program Revenue:							
Charges for Services	\$ 242,028	\$ 381,088	\$ 1,243,974	\$ 1,324,165	\$ 1,486,002	\$ 1,705,253	-12.86%
Grants and Contributions:							
Operating	21,162,898	12,262,293	288,009	274,297	21,450,907	12,536,590	71.11%
Capital	819,288				819,288		100.00%
General Revenue:							
Property Taxes	81,179,342	77,991,986			81,179,342	77,991,986	4.09%
Unrestricted State/ Federal Aid	234,511	126,928			234,511	126,928	84.76%
Other	354,774	163,292	554	577	355,328	163,869	116.84%
Total Revenue	<u>103,992,841</u>	<u>90,925,587</u>	<u>1,532,537</u>	<u>1,599,039</u>	<u>105,525,378</u>	<u>92,524,626</u>	14.05%
Expenses:							
Instruction	53,660,350	47,062,298			53,660,350	47,062,298	14.02%
Pupil and Instruction Services	19,335,324	18,267,310			19,335,324	18,267,310	5.85%
Administration and Business	7,362,660	6,672,420			7,362,660	6,672,420	10.34%
Maintenance and Operations	11,168,268	9,878,576			11,168,268	9,878,576	13.06%
Transportation	3,250,503	3,201,989			3,250,503	3,201,989	1.52%
Other	1,437,951	1,430,748	1,474,534	1,522,845	2,912,485	2,953,593	-1.39%
Total Expenses	<u>96,215,056</u>	<u>86,513,341</u>	<u>1,474,534</u>	<u>1,522,845</u>	<u>97,689,590</u>	<u>88,036,186</u>	10.97%
Increase in Net Position	<u>\$ 7,777,785</u>	<u>\$ 4,412,246</u>	<u>\$ 58,003</u>	<u>\$ 76,194</u>	<u>\$ 7,835,788</u>	<u>\$ 4,488,440</u>	

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

*Revenue Sources.* The District's total revenue for the 2014/2015 school year was \$105,525,378 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$81,179,342 of the total or 76.93 percent (See Figure A-5). The remaining 23.07 percent of revenue is comprised of 21.21 percent from state formula aid and federal and state categorical grants, 1.41 percent from charges for services and .45 percent from other miscellaneous sources. It is important to note that, included in the \$19,446,885 federal and state categorical grants revenue is over \$12.578 million of funds that are not paid to the District, but are included in funding for TPAF Pension and Post-Retirement Benefits contributions 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 2015**

Sources of Income:	<u>Amount</u>	<u>Percentage</u>
State Formula Aid	\$ 2,939,251	2.78%
Property Taxes	81,179,342	76.93%
Federal and State Categorical Grants	19,446,885	18.43%
Charges for Services	1,486,002	1.41%
Other	473,898	0.45%
	<u>\$ 105,525,378</u>	<u>100.00%</u>

The total cost of all programs and services was \$97,689,590. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (78.05 percent) (See Figure A-6). The District's administrative and business activities accounted for 7.54 percent of total costs. The most significant contributors to the cost of maintenance and operations were higher energy costs, including fuel, and insurance. It is important to note that expenses include \$1,216,722 and \$27,281 of depreciation related to governmental and business-type capital assets, respectively.

**Figure A-6  
Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 53,660,350	54.93%
Pupil and Instruction Services	19,335,324	19.79%
Administration and Business	7,362,660	7.54%
Maintenance and Operations	11,168,268	11.43%
Transportation	3,250,503	3.33%
Other	2,912,485	2.98%
	<u>\$ 97,689,590</u>	<u>100.00%</u>

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

### Governmental Activities

The financial position of the District continues to improve. However, 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 a 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 expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 53,660,350	\$ 47,062,298	\$38,539,338	\$37,790,749
Pupil and Instruction Services	19,335,324	18,267,310	16,067,289	16,311,826
Administration and Business	7,362,660	6,672,420	6,037,242	6,109,593
Maintenance and Operations	11,168,268	9,878,576	9,060,874	9,329,904
Transportation	3,250,503	3,201,989	2,848,148	2,897,140
Other	1,437,951	1,430,748	1,437,951	1,430,748
	<u>\$ 96,215,056</u>	<u>\$ 86,513,341</u>	<u>\$ 73,990,842</u>	<u>\$ 73,869,960</u>

- The cost of all governmental activities this year was \$96.215 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$19.45 million).
- Most of the District's costs, however, were financed by District taxpayers (\$81.18 million).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$2.94 million).
- The remainder of funding came from charges for services, investment earnings and miscellaneous revenues (\$.597 million).

### Business-Type Activities

The net position of the District's business-type activities increased by \$58,003 (an increase of \$63,504 in the Food Service Fund offset by a decrease of \$5,501 in the Summer Community Education Fund) due to a net overall decrease in revenue exceeding the net overall decrease in operating expenses. (Refer to Figure A-4).

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Financial Analysis of the District's Funds**

The District's financial condition continues to improve despite the difficult economic times. Interest from investments increased slightly during the current fiscal year. The District has had a multi-year practice of utilizing funds from the General Fund unassigned fund balance to both reduce the tax levy as well as invest in the maintenance of District facilities. 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.

All of these factors are likely to continue for the near future. 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**

The District's capital assets increased by \$2,403,695, or 7.68%, from the previous year. This increase is attributable to the District's investment of \$3,647,962 in capital assets (\$3,477,954 and \$170,008 associated with governmental and business-type activities, respectively) and incurred \$1,216,722 and \$27,281 of depreciation related to governmental and business-type capital assets, respectively. (More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Sites (Land)	\$ 449,315	\$ 449,315			\$ 449,315	\$ 449,315	0.00%
Construction in Progress	3,116,083	1,012,186			3,116,083	1,012,186	207.86%
Buildings and Building Improvements	27,892,905	28,025,581			27,892,905	28,025,581	-0.47%
Machinery and Equipment	1,896,998	1,606,987	\$ 340,838	\$ 198,375	2,237,836	1,805,362	23.95%
Total Capital Assets, Net of Depreciation	\$ 33,355,301	\$ 31,094,069	\$ 340,838	\$ 198,375	\$ 33,696,139	\$ 31,292,444	7.68%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Long-term Debt**

The District's long-term debt decreased by \$1,075,706, or 3.04%, from the previous year. At year-end, the District had \$9,065,000 in outstanding general obligation bonds, as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Figure A-9**

**Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2014/15	2013/14 (Restated)	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 9,065,000	\$ 10,305,000	-12.03%
Net Pension Liability	21,658,182	21,537,472	0.56%
Other Long-Term Liabilities	3,584,976	3,541,392	1.23%
	<u>\$ 34,308,158</u>	<u>\$ 35,383,864</u>	<u>-3.04%</u>

- Principal payments of \$1,240,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability increased by \$120,710.
- The District's other long-term liabilities as of June 30, 2015 are comprised of compensated absences, capital leases payable and other post-employment benefits payable.

**For the Future**

The Scotch Plains-Fanwood School District is in sound financial condition. The District is proud of its community support and student involvement in the public schools. Major concerns continue to be the increased reliance on local property taxes, reductions in State aid and a 2% tax levy cap. Due to the District's sound fiscal management, capital reserve funds currently exist to provide for the most pressing facility needs. The School District's system for financial planning, budgeting and internal financial controls are very strong and support the Board of Education's commitment to sound planning and responsible fiscal management.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deborah S. Saridaki, Business Administrator/Board Secretary at Scotch Plains-Fanwood Regional School District Board of Education, Administration Building, Evergreen Avenue and Cedar Street, Scotch Plains, New Jersey 07076. Please visit our website at <http://www.spfk12.org/>.

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
POST-RETIREMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

<u>Year</u>	<u>Actuarial Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As a Percentage of Covered Payroll</u>
2014-15	2015	\$ -0-	\$ 9,742,359	\$ 9,742,359	0.00%	\$ 46,446,730	20.98%
2013-14	2014	-0-	8,450,347	8,450,347	0.00%	45,860,846	18.43%
2012-13	2013	-0-	8,185,711	8,185,711	0.00%	45,436,600	18.02%

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

Exhibit A-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,841,777	\$ 539,263	\$ 8,381,040
Internal Balances	8,708	(8,708)	
Interfunds Receivable	9,781		9,781
Receivables from Other Governments	1,334,660	13,594	1,348,254
Other Receivables	65,323		65,323
Inventory		10,741	10,741
Prepaid Expenses	1,090,751		1,090,751
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	8,714,995		8,714,995
Maintenance Reserve Account	2,376,643		2,376,643
Capital Assets, Net:			
Sites (Land) and Construction in Progress	3,565,398		3,565,398
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	29,789,903	340,838	30,130,741
Total Assets	<u>54,797,939</u>	<u>895,728</u>	<u>55,693,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	613,216		613,216
Changes in Assumptions - Pensions	681,050		681,050
Changes in Proportion - Pensions	482,327		482,327
Total Deferred Outflows of Resources	<u>1,776,593</u>		<u>1,776,593</u>
<b>LIABILITIES</b>			
Payable to State Government	76,540		76,540
Accounts Payable	1,065,250	20,222	1,085,472
Accrued Interest Payable	181,798		181,798
Deposits	5,000		5,000
Unamortized Bond Premiums	622,376		622,376
Unearned Revenue	87,353	44,992	132,345
Noncurrent Liabilities:			
Due Within One Year	1,705,792		1,705,792
Due Beyond One Year	32,602,366		32,602,366
Total Liabilities	<u>36,346,475</u>	<u>65,214</u>	<u>36,411,689</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Investment Gains - Pensions	1,290,710		1,290,710
Total Deferred Inflows of Resources	<u>1,290,710</u>		<u>1,290,710</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	23,387,130	340,838	23,727,968
Restricted for:			
Capital Projects	8,714,995		8,714,995
Other Purposes	4,376,643		4,376,643
Unrestricted (Deficit)	<u>(17,541,421)</u>	<u>489,676</u>	<u>(17,051,745)</u>
Total Net Position	<u>\$ 18,937,347</u>	<u>\$ 830,514</u>	<u>\$ 19,767,861</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 FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 40,521,714	\$ 242,028	\$ 7,899,952		\$ (32,379,734)	\$ (32,379,734)
Special Education	9,859,045		6,361,470		(3,497,575)	(3,497,575)
Other Special Instruction	1,376,937		281,186		(1,095,751)	(1,095,751)
School Sponsored/Other Instruction	1,902,654		336,376		(1,566,278)	(1,566,278)
Support Services:						
Tuition	5,611,000				(5,611,000)	(5,611,000)
Student & Instruction Related Services	13,724,324		3,268,035		(10,456,289)	(10,456,289)
General Administrative Services	995,246		104,593		(890,653)	(890,653)
School Administrative Services	4,416,941		892,312		(3,524,629)	(3,524,629)
Central Services	1,419,966		263,360		(1,156,606)	(1,156,606)
Administrative Information Technology	530,507		65,153		(465,354)	(465,354)
Plant Operations and Maintenance	11,168,268		1,288,106	\$ 819,288	(9,060,874)	(9,060,874)
Pupil Transportation	3,250,503		402,355		(2,848,148)	(2,848,148)
Transfer of Funds to Charter Schools	29,914				(29,914)	(29,914)
Interest on Long-Term Debt	385,708				(385,708)	(385,708)
Unallocated Depreciation	1,022,329				(1,022,329)	(1,022,329)
<b>Total Governmental Activities</b>	<b>96,215,056</b>	<b>242,028</b>	<b>21,162,898</b>	<b>819,288</b>	<b>(73,990,842)</b>	<b>(73,990,842)</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,426,093	\$ 1,201,116	\$ 288,009			\$ 63,032	\$ 63,032
Summer Community Education	48,441	42,858				(5,583)	(5,583)
Total Business-Type Activities	1,474,534	1,243,974	288,009			57,449	57,449
Total Primary Government	\$ 97,689,590	\$ 1,486,002	\$ 21,450,907	\$ 819,288	\$ (73,990,842)	57,449	(73,933,393)
General Revenues:							
Taxes:							
					79,539,492		79,539,492
					1,639,850		1,639,850
					234,511		234,511
					23,388	554	23,942
					331,386		331,386
					81,768,627	554	81,769,181
					7,777,785	58,003	7,835,788
					11,159,562	772,511	11,932,073
					\$ 18,937,347	\$ 830,514	\$ 19,767,861

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

**FUND FINANCIAL STATEMENTS**

Exhibit B-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,922,579	\$ 40,691	\$ 1,878,507	\$ 7,841,777
Interfunds Receivable	18,489			18,489
Receivables from Other Governments	1,201,906	89,903	42,851	1,334,660
Other Receivables		65,323		65,323
Prepaid Expenses	1,090,751			1,090,751
Restricted Cash and Cash Equivalents	11,091,638			11,091,638
<b>Total Assets</b>	<u>\$ 19,325,363</u>	<u>\$ 195,917</u>	<u>\$ 1,921,358</u>	<u>\$ 21,442,638</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Payable to State Government		\$ 76,540		\$ 76,540
Accounts Payable	\$ 1,016,843	36,974	\$ 11,433	1,065,250
Deposits	5,000			5,000
Unearned Revenue		87,353		87,353
<b>Total Liabilities</b>	<u>1,021,843</u>	<u>200,867</u>	<u>11,433</u>	<u>1,234,143</u>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	8,714,995			8,714,995
Maintenance Reserve Account	2,376,643			2,376,643
Excess Surplus - Designated for Subsequent Year's Expenditures	1,000,000			1,000,000
Excess Surplus	1,000,000			1,000,000
Committed			1,909,925	1,909,925
<b>Assigned:</b>				
Encumbrances	3,102,763			3,102,763
Unassigned/(Deficit)	2,109,119	(4,950)		2,104,169
<b>Total Fund Balances/(Deficit)</b>	<u>18,303,520</u>	<u>(4,950)</u>	<u>1,909,925</u>	<u>20,208,495</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 19,325,363</u>	<u>\$ 195,917</u>	<u>\$ 1,921,358</u>	<u>\$ 21,442,638</u>

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

Total Fund Balances (from Above)	\$ 20,208,495
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$54,790,409 and the accumulated depreciation is \$21,435,108.	33,355,301
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(21,658,182)
<b>Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:</b>	
Changes in Assumptions - Pensions	681,050
Investment Gains - Pensions	(1,290,710)
Changes in Proportions - Pensions	482,327
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.	(12,649,976)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(181,798)
Bond Premiums are reported as revenue in the Funds. These premiums total \$1,089,161 and the accumulated amortization is \$466,785.	(622,376)
Deferred Interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure. The Deferred Interest is \$1,073,130 and the accumulated amortization is \$459,914.	613,216
<b>Net Position of Governmental Activities</b>	<u>\$ 18,937,347</u>

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

Exhibit B-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 79,539,492			\$ 1,639,850	\$ 81,179,342
Tuition	3,493				3,493
Transportation Fees from Individuals	14,125				14,125
Interest Earned on:					
Capital Reserve Funds	5,057				5,057
Maintenance Reserve Funds	2,375				2,375
Miscellaneous Revenues	347,342	\$ 357,105			704,447
Total - Local Sources	79,911,884	357,105		1,639,850	81,908,839
State Sources	11,094,716	597,789	\$ 819,288		12,511,793
Federal Sources	51,415	1,573,109			1,624,524
Total Revenues	91,058,015	2,528,003	819,288	1,639,850	96,045,156
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	24,566,352	758,396			25,324,748
Special Education Instruction	5,470,759	965,377			6,436,136
Other Special Instruction	849,986				849,986
School Sponsored/Other Instruction	1,276,284				1,276,284
Support Services and Undistributed Costs:					
Tuition	5,611,000				5,611,000
Student & Instruction Related Services	8,555,013	1,068,547			9,623,560
General Administrative Services	774,347				774,347
School Administrative Services	2,754,550				2,754,550
Central Services	926,432				926,432
Administration Information Technology	408,248				408,248
Plant Operations and Maintenance	7,559,543	33,043			7,592,586
Pupil Transportation	2,975,172				2,975,172
Allocated Benefits	1,096,682				1,096,682
Unallocated Benefits	19,901,132				19,901,132
Debt Service:					
Principal				1,240,000	1,240,000
Interest and Other Charges				399,850	399,850
Capital Outlay	2,624,370		2,228,347		4,852,717
Transfer of Funds to Charter Schools	29,914				29,914
Total Expenditures	85,379,784	2,825,363	2,228,347	1,639,850	92,073,344
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	5,678,231	(297,360)	(1,409,059)		3,971,812
<b>OTHER FINANCING SOURCES/(USES)</b>					
Capital Leases (non-budgeted)	570,000				570,000
Transfers In	82,266	297,360	1,644,568		2,024,194
Transfers Out	(1,941,928)		(82,266)		(2,024,194)
Total Other Financing Sources/(Uses)	(1,289,662)	297,360	1,562,302		570,000
Net Change in Fund Balances	4,388,569		153,243		4,541,812
Fund Balance/(Deficit) - July 1	13,914,951	(4,950)	1,756,682		15,666,683
Fund Balance/(Deficit) - June 30	\$ 18,303,520	\$ (4,950)	\$ 1,909,925	\$ -0-	\$ 20,208,495

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, 2015

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 4,541,812
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 depreciation of capital assets differs from capital outlays in the period.		
	Depreciation expense	\$ (1,216,722)
	Capital outlays	<u>3,477,954</u> 2,261,232
Capital leases entered into by the District are an other financing source in the governmental funds, but the acquisition increases long-term liabilities in the statement of net position and is not reported in the statement of activities.		(570,000)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		635,374
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,240,000
In the statement of activities, interest on long-term debt in the statement of activities is 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 (+).		25,223
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(120,710)
Deferred Outflows:		
Changes in Assumptions		681,050
Changes in Proportion		482,327
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(1,290,710)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and other post employment benefits 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 (+).		(108,958)
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+)		77,797
The governmental funds report the effect of deferred bond interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)		<u>(76,652)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 7,777,785</u>

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

Exhibit B-4

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Food Service</u>	<u>Non-Major Fund</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 422,516	\$ 116,747	\$ 539,263
Accounts Receivable:			
Other Governments:			
Federal	12,451		12,451
State	1,143		1,143
Inventories	10,741		10,741
Total Current Assets	<u>446,851</u>	<u>116,747</u>	<u>563,598</u>
Non-Current Assets:			
Capital Assets	536,116		536,116
Less: Accumulated Depreciation	<u>(195,278)</u>		<u>(195,278)</u>
Total Non-Current Assets	<u>340,838</u>	<u>-0-</u>	<u>340,838</u>
Total Assets	<u>787,689</u>	<u>116,747</u>	<u>904,436</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	20,222		20,222
Interfund Payable - General Fund	8,708		8,708
Unearned Revenue:			
Prepaid Sales	<u>44,992</u>		<u>44,992</u>
Total Current Liabilities	<u>73,922</u>	<u>-0-</u>	<u>73,922</u>
Total Liabilities	<u>73,922</u>	<u>-0-</u>	<u>73,922</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	340,838		340,838
Unrestricted	<u>372,929</u>	<u>116,747</u>	<u>489,676</u>
Total Net Position	<u>\$ 713,767</u>	<u>\$ 116,747</u>	<u>\$ 830,514</u>

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

Exhibit B-5

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
Operating Revenue:			
Charges for Services:			
Daily Sales	\$ 1,192,389		\$ 1,192,389
Special Events	8,727		8,727
Program Fees		\$ 42,858	42,858
Total Operating Revenue	<u>1,201,116</u>	<u>42,858</u>	<u>1,243,974</u>
Operating Expenses:			
Cost of Sales	625,273		625,273
Salaries	472,517	45,357	517,874
Payroll Taxes	68,161		68,161
Employee Benefits	40,410		40,410
Purchased Property Services	9,508		9,508
Management Fee	70,241		70,241
Insurance	67,570		67,570
Supplies and Materials	44,868	3,084	47,952
Depreciation Expense	27,281		27,281
Total Operating Expenses	<u>1,425,829</u>	<u>48,441</u>	<u>1,474,270</u>
Operating Loss	<u>(224,713)</u>	<u>(5,583)</u>	<u>(230,296)</u>
Non-Operating Revenue:			
Federal Sources:			
National School Lunch Program	191,575		191,575
Special Milk Program	5,379		5,379
Food Distribution Program	78,577		78,577
State Sources:			
School Lunch Program	12,102		12,102
School Lunch Program - Supplemental	376		376
Local Sources - Interest Revenue	472	82	554
Total Non-Operating Revenue	<u>288,481</u>	<u>82</u>	<u>288,563</u>
Change in Net Position Before Other Item	63,768	(5,501)	58,267
Other Item - Disposal of Capital Assets, Net	<u>(264)</u>		<u>(264)</u>
Change in Net Position	63,504	(5,501)	58,003
Net Position - Beginning of Year	<u>650,263</u>	<u>122,248</u>	<u>772,511</u>
Net Position - End of Year	<u>\$ 713,767</u>	<u>\$ 116,747</u>	<u>\$ 830,514</u>

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

Exhibit B-6

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Fund		Totals
	Food Service	Non-Major Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,214,284	\$ 42,858	\$ 1,257,142
Payments to Employees	(47,736)	(45,357)	(93,093)
Payments to Food Service Vendor	(1,259,583)		(1,259,583)
Payments to Suppliers	(15,301)	(3,084)	(18,385)
Net Cash Used for Operating Activities	(108,336)	(5,583)	(113,919)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(170,008)		(170,008)
Net Cash Used for Capital Financing Activities	(170,008)	-0-	(170,008)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	197,639		197,639
State Sources	12,973		12,973
Net Cash Provided by Noncapital Financing Activities	210,612	-0-	210,612
Cash Flows from Investing Activities:			
Interest Revenue	472	82	554
Net Cash Provided by Investing Activities	472	82	554
Net Decrease in Cash and Cash Equivalents	(67,260)	(5,501)	(72,761)
Cash and Cash Equivalents, July 1	489,776	122,248	612,024
Cash and Cash Equivalents, June 30	\$ 422,516	\$ 116,747	\$ 539,263
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (224,713)	\$ (5,583)	\$ (230,296)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	27,281		27,281
Federal Food Distribution Program	78,577		78,577
Changes in Assets and Liabilities:			
(Increase) in Inventory	(3,950)		(3,950)
Increase in Accounts Payable	3,782		3,782
(Decrease) in Interfund Payable	(2,611)		(2,611)
Increase in Unearned Revenue	13,298		13,298
Net Cash Used for Operating Activities	\$ (108,336)	\$ (5,583)	\$ (113,919)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$78,577 for the fiscal year ended June 30, 2015.

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

Exhibit B-7

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 597,078	\$ 664,001	\$ 20,109
Total Assets	<u>597,078</u>	<u>664,001</u>	<u>20,109</u>
<b>LIABILITIES:</b>			
Interfund Payable	9,781		
Payroll Deductions and Withholdings	368,178		
Due to Student Groups	219,119		
Total Liabilities	<u>597,078</u>	<u>-0-</u>	<u>-0-</u>
<b>NET POSITION:</b>			
Held in Trust for:			
Unemployment Claims		664,001	
Flexible Spending Claims			20,109
Total Net Position	<u>\$ -0-</u>	<u>\$ 664,001</u>	<u>\$ 20,109</u>

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

Exhibit B-8

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust
	<hr/>	<hr/>
ADDITIONS:		
Contributions:		
Plan Members	\$ 72,562	\$ 37,120
Employer	125,000	
Total Contributions	<hr/> 197,562	<hr/> 37,120
Investment Earnings:		
Interest	596	11
Net Investment Earnings	<hr/> 596	<hr/> 11
Total Additions	<hr/> 198,158	<hr/> 37,131
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	104,746	
Flexible Spending Claims		31,390
Total Deductions	<hr/> 104,746	<hr/> 31,390
Change in Net Position	93,412	5,741
Net Position - Beginning of the Year	<hr/> 570,589	<hr/> 14,368
Net Position - End of the Year	<hr/> <u>\$ 664,001</u>	<hr/> <u>\$ 20,109</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, 2015

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 and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. 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 position 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, 2015  
(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 and report all expendable financial resources not accounted for and reported 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, 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 or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 Summer Community Education Programs) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria and summer community education program operations. The food service and summer community education programs 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 include the Student Activities Fund, the Payroll Agency Fund, the Unemployment Compensation Insurance Trust Fund and the Flexible Spending Account 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.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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 position 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.

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 budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. 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. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget 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 and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. These grants are recognized on the budgetary basis in full when they are awarded but recognized on the GAAP basis only to the extent of expenditures which have been submitted for reimbursement.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 91,066,272	\$ 2,520,774
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		(1,716)
Prior Year Encumbrances		8,945
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	257,429	4,950
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(265,686)	(4,950)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 91,058,015	\$ 2,528,003
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 85,379,784	\$ 2,818,134
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		(1,716)
Prior Year Encumbrances		8,945
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 85,379,784	\$ 2,825,363
	Capital Projects Fund	
	Revenue	Fund Balance
Revenue and Other Financing Sources and Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 586,257	\$ 3,250,201
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants Recognized/(Not Recognized) on GAAP Basis	233,031	(1,340,276)
Revenue and Other Financing Sources and Fund Balance per Governmental Funds (GAAP)	\$ 819,288	\$ 1,909,925

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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.

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 position, 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 restricted, committed or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

H. Encumbrances: (Cont'd)

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 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 and general funds represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. 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 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.

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 for this purpose as of June 30, 2015.

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 addition, the Board of Education has cooperated with the Education Association in the establishment of a Sick Leave Bank. Any Association member may participate in the Bank on a voluntary basis by donating one personal day to the Sick Leave Bank.

In the District-wide *Statement of Net Position*, 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. Unearned Revenue:

Unearned 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$18,303,520 General Fund balance at June 30, 2015, \$3,102,763 is assigned for encumbrances; \$13,091,638 is restricted (\$8,714,995 in the capital reserve account and \$2,376,643 in the maintenance reserve account); \$2,000,000 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended (\$1,000,000 is prior year excess surplus which is included as anticipated revenue for the fiscal year ending June 30, 2016 and the remaining \$1,000,000 is current year excess surplus which will be included as anticipated revenue for the fiscal year ending June 30, 2017); and \$2,109,119 is unassigned which is \$265,686 less on the GAAP basis than the calculated maximum unassigned fund balance due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2016.

Special Revenue Fund: There is a deficit fund balance of \$4,950 in the Special Revenue Fund on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2016.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2015 of \$1,909,925 is committed for capital projects which is \$1,340,276 less on the GAAP basis due to SDA grants which have not been recognized.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 excess surplus at June 30, 2015 as defined above.

The District's unassigned fund balance is less on a GAAP basis than the budgetary basis by \$265,686 in the General Fund and by \$4,950 in the Special Revenue Fund as reported in the fund statements. N.J.A.C. 6A:23A-8.5(j) provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed June state aid payments 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 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 June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments 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 June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Q. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had \$1,909,925 of committed resources in the Capital Projects Fund at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$3,102,763 for encumbrances in the General Fund at June 30, 2015.

R. Deficit Fund Balance/Net Position:

The District has a deficit in unassigned fund balance in the Special Revenue Fund of \$4,950 as of June 30, 2015 due to the non-recognition of the June state aid payments as explained in Note 1P on the previous page. The District has a \$17,541,421 deficit in unrestricted net position from governmental activities, primarily due to the accrual of \$1,072,251 in compensated absences payable, \$181,798 in accrued interest payable, \$622,376 of unamortized bond premiums, investment gains in pensions of \$1,290,710, and net pension liability of \$21,658,182, offset by deferred interest of \$613,216, changes in pension assumptions of \$681,050, changes in proportion in pensions of \$482,327 and Governmental Funds committed and assigned fund balances. These deficits do not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2015 for the deferred amount on refunding of debt related to the District's 2010 refunding bonds, changes in assumptions in pensions and changes in proportion in pension.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

S. Net Position: (Cont'd)

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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.

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 fees for the summer community education program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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.

W. Pensions

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

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 governmental 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.

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 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Deposits: (Cont'd)

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, and

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
- (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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Reserve Accounts</u>		
		<u>Capital</u>	<u>Maintenance</u>	
Checking Accounts	\$ 9,662,228	\$ 8,714,995	\$ 2,376,643	\$ 20,753,866

During the period ended June 30, 2015, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$20,753,866 and the bank balance was \$22,552,268.

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.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 6,057,858
Interest Earnings	5,057
Deposit by Board Resolution - June 25, 2015	5,236,080
Unexpended Capital Projects Funds Returned	82,266
Withdrawals by Budget Appropriation	(879,883)
Withdrawals by Board Resolution	<u>(1,786,383)</u>
Ending Balance, June 30, 2015	<u>\$ 8,714,995</u>

The balance in the capital reserve account at June 30, 2015 does not exceed the balance of local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$200,000 was established by Board resolution on June 25, 2009. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 2,374,268
Interest Earnings	<u>2,375</u>
Ending Balance, June 30, 2015	<u><u>\$ 2,376,643</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$1,684,161 to the capital outlay accounts; \$739,869 for equipment which did not require County Superintendent approval and \$944,292 for facilities acquisition and construction services which was transferred from the Capital Reserve Account by Board resolution.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 449,315			\$ 449,315
Construction in Progress	1,012,186	2,228,347	\$ (124,450)	3,116,083
Total Capital Assets Not Being Depreciated	<u>1,461,501</u>	<u>2,228,347</u>	<u>(124,450)</u>	<u>3,565,398</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	45,305,396	806,565		46,111,961
Machinery and Equipment	4,553,554	443,042	116,454	5,113,050
Total Capital Assets Being Depreciated	<u>49,858,950</u>	<u>1,249,607</u>	<u>116,454</u>	<u>51,225,011</u>
Governmental Activities Capital Assets	<u>51,320,451</u>	<u>3,477,954</u>	<u>(7,996)</u>	<u>54,790,409</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(17,279,815)	(939,241)		(18,219,056)
Machinery and Equipment	(2,946,567)	(277,481)	7,996	(3,216,052)
	<u>(20,226,382)</u>	<u>(1,216,722)</u>	<u>7,996</u>	<u>(21,435,108)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 31,094,069</u>	<u>\$ 2,261,232</u>	<u>\$ -0-</u>	<u>\$ 33,355,301</u>
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 368,743	\$ 170,008	\$ (2,635)	\$ 536,116
Less Accumulated Depreciation	(170,368)	(27,281)	2,371	(195,278)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 198,375</u>	<u>\$ 142,727</u>	<u>\$ (264)</u>	<u>\$ 340,838</u>

The increases totaling \$3,647,962 represent current year capitalized expenditures in the general fund and the food service enterprise fund.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 29,252
Student and Instruction Related Services	19,110
General Administrative Services	37,509
School Administrative Services	5,807
Plant Operations and Maintenance	92,082
Pupil Transportation	10,633
Unallocated	<u>1,022,329</u>
	<u>\$ 1,216,722</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2014 (Restated)	Issued/ Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 10,305,000		\$ 1,240,000	\$ 9,065,000
Capital Leases Payable	968,545	\$ 570,000	635,374	903,171
Compensated Absences Payable	1,054,807	198,015	180,571	1,072,251
Net Pension Liability	21,537,472	120,710		21,658,182
Other Post-Employment Benefits Payable	1,518,040	91,514		1,609,554
	<u>\$ 35,383,864</u>	<u>\$ 980,239</u>	<u>\$ 2,055,945</u>	<u>\$ 34,308,158</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.

The District had bonds outstanding as of June 30, 2015 as follows:

Date of Issue	Final Maturity	Interest Rate	Amount
02/11/10	07/15/22	3.00% - 5.00%	<u>\$ 9,065,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2016	\$ 1,225,000	\$ 356,675	\$ 1,581,675
2017	1,210,000	317,125	1,527,125
2018	1,195,000	272,050	1,467,050
2019	1,185,000	224,450	1,409,450
2020	1,175,000	177,250	1,352,250
Thereafter: 2021-2023	3,075,000	209,125	3,284,125
	<u>\$ 9,065,000</u>	<u>\$ 1,556,675</u>	<u>\$ 10,621,675</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District has three capital leases payable for computer and technology equipment as of June 30, 2015. All of the leases are for four years with the final payments occurring in fiscal years 2015-16, 2016-17 and 2017-18. The 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, 2015 are detailed below.

<u>Year</u>	<u>Amount</u>
2016	\$ 484,051
2017	291,378
2018	144,942
	<hr/>
	920,371
Less: Amount representing interest	<hr/>
	(17,200)
	<hr/>
Present value of net minimum lease payments	<u>\$ 903,171</u>

The current portion of capital leases payable at June 30, 2015 is \$473,251 and the long-term portion is \$429,920. The General Fund will be used to liquidate 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, 2015 is \$7,541 and the long-term portion is \$1,064,710.

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, 2015, no liability existed for compensated absences in the Proprietary Funds.

E. Other Post-employment Benefits Payable:

The liability for other post-employment benefits 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 other post-employment benefits payable at June 30, 2015 is \$-0- and the long-term portion is \$1,609,554. See Note 10 for further information on these benefits.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability 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 the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$21,658,182. See Note 9 for further information on the PERS.

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; or the Defined Contribution Retirement Program (DCRP).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$955,495 for fiscal year 2015.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$21,658,182 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.116%, which was an increase of 0.003% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,221,712. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 681,050	
Changes in Proportion	482,327	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,290,710
	<u>\$ 1,163,377</u>	<u>\$ 1,290,710</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (197,485)
2016	(197,485)
2017	(197,485)
2018	(197,485)
2019	125,193
Thereafter	55,087
	<u>\$ (609,660)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 27,246,730	\$ 21,658,182	\$ 16,965,224

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$1,789,780 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,737,465.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$180,962,200. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.339%, which was an increase of 0.005% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>\$ 180,962,200</u>
Total	<u><u>\$ 180,962,200</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$9,737,465 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the table on the following page:

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$32,787 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$17,010 for the fiscal year ended June 30, 2015.

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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members for Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,841,276, \$2,348,515 and \$2,436,949 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

The Scotch Plains-Fanwood Regional School District accounts for certain post-employment health care benefits provided by the Board of Education in accordance with Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. GASB Statement No. 45 requires governments to account for other post-employment benefits, primarily health care, on an accrual rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Government-Wide Statement of Activities when a future retiree earns their post-employment benefits rather than when they use their post-employment benefits. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Government-Wide Statement of Net Position over time. Accordingly, for financial reporting purposes, no liability is reported for the post-employment health care benefits liability at the date of transition.

Plan Description

The District provides post-employment medical benefits, including prescription drug coverage, and dental care, in accordance with state statute, to active employees, participating retirees and their beneficiaries. As of June 30, 2015, the valuation date, approximately 340 retirees and 706 active members meet the eligibility requirements put forth in P.L. 1992, c 126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

Individuals with a minimum of twenty years of service with the School District and less than twenty-five years of service with the State of New Jersey are eligible for subsidized medical coverage. A minimum of twenty years of service is required for subsidized dental coverage with no migration to the state plan if exceeding twenty-five years of service.

Funding Policy

The obligations of the plan members and School District are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members vary depending on the applicable agreement. Retirees' contribution rates currently range from 10% in the second year of retirement to 50% at 6 years or more. The District currently contributes enough money to the plan to satisfy current obligations, administrative costs, and anticipated inflationary increases on a pay-as-you-go basis. The costs of administering the plan are paid by the General Fund.

The ARC is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liability (or funding excess) of the plan over a period not to exceed thirty years. If the methods and assumptions used in determining a plan's funding requirements meet the parameters, the same methods and assumptions are required for financial reporting by both a plan and its participating employer(s). However, if a plan's method of financing does not meet the parameters (for example, the plan is financed on a pay-as-you-go basis), the parameters nevertheless apply for financial reporting purposes.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and the District's net OPEB obligation to the Plan at June 30, 2013, 2014 and 2015:

**Benefit Obligations and Normal Cost**

	Valuation June 30,		
	2013	2014	2015
Actuarial accrued liability (AAL):			
Retired employees	\$ 4,077,306	\$ 4,482,905	\$ 5,078,897
Active employees	4,108,405	3,967,442	4,663,462
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,185,711</u>	<u>\$ 8,450,347</u>	<u>\$ 9,742,359</u>
Normal Cost with interest	\$ 192,127	\$ 201,733	\$ 207,610
Amortization factor based on 30 years	\$ 462,018	\$ 462,018	\$ 462,018
Annual covered payroll	\$ 45,436,600	\$ 45,860,846	\$ 46,446,730
UAAL as a percentage of covered payroll	18.02%	18.43%	20.98%

**Level Dollar Amortization**

Calculation of ARC under Projected Unit Credit Method

ARC normal cost with interest to end of year	\$ 192,127	\$ 201,733	\$ 207,610
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at year end	462,018	462,018	462,018
Annual Required Contribution (ARC)	654,145	663,751	669,628
Interest on net OPEB obligation	63,651	69,395	75,902
Adjustment to ARC	(265,077)	(265,077)	(230,276)
Annual OPEB cost (expense)	452,719	468,069	515,254
Pay as you go benefits	(337,842)	(337,934)	(423,740)
Net OPEB expense at June 30,:			
2013, 2014 and 2015, respectively	114,877	130,135	91,514
Prior year	<u>1,273,028</u>	<u>1,387,905</u>	<u>1,518,040</u>
Net OPEB obligation June 30,:			
2013, 2014 and 2015, respectively	<u>\$ 1,387,905</u>	<u>\$ 1,518,040</u>	<u>\$ 1,609,554</u>
Projected unfunded actuarial accrued liability (June 30, 2013)			<u>\$ 8,185,711</u>
Projected unfunded actuarial accrued liability (June 30, 2014)			<u>\$ 8,450,347</u>
Projected unfunded actuarial accrued liability (June 30, 2015)			<u>\$ 9,742,359</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the District and Plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and the Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization over 30 years. The actuarial assumptions include a 5% discount rate and an initial health care cost trend rate of 9% beginning in 2015, leveling off to 5% by 2023 with 0.5% annual decrements.

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 District has commercial insurance coverage for general liability, property and auto insurance. Health benefits are provided through Horizon Blue Cross Blue Shield of NJ.

The Scotch Plains-Fanwood Regional School District is a member of the South Bergen Region VII Workers' 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 Pool is a risk-sharing public entity risk pool that is an insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for its 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 Pool are elected.

As a member of the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The June 30, 2015 audit was not available as of the date of this report. Selected, summarized financial information for the Pool as of June 30, 2014 is as follows:

	South Bergen Region VII Workers' Compensation Pool
Total Assets	\$ 11,473,282
Net Position	\$ 4,113,178
Total Revenue	\$ 2,172,073
Total Expenses	\$ 1,796,110
Members Dividends	\$ -0-
Change in Net Position for the Year Ended June 30, 2014	\$ 375,963

Financial statements for the Pool are available at the Pool's Executive Directors' Office:

Bergen Risk Managers, Inc.  
100 Hilltop Road  
P.O. Box 901  
Ramsey, NJ 07446-1119  
(201) 825-0357

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>
2014-2015	\$ 125,000	\$ 596	\$ 72,562	\$ 104,746	\$ 664,001
2013-2014	200,000	471	70,752	155,100	570,589
2012-2013	140,000	349	69,273	124,941	454,466

NOTE 12. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 18,489	
Proprietary Fund		\$ 8,708
Fiduciary Fund		9,781
	<u>\$ 18,489</u>	<u>\$ 18,489</u>

The interfund payables from the Proprietary and Fiduciary Funds due to the General Fund are for disbursements made on-behalf of the Food Service Enterprise and Student Activity Agency Funds, respectively.

NOTE 14. 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, permit 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)

FTJ Fund Choice  
AXA Equitable  
VALIC  
First Investors Corp.  
Lincoln Investment Planning, Inc.  
Lincoln Financial  
Syracusa

457

MetLife Insurance Co.

NOTE 15. 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.

Taxes are collected by the constituent municipalities and are remitted to the Regional School District on a predetermined mutually agreed-upon schedule.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2015:

	Governmental Activities			Total	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Governmental Funds	Proprietary Funds
Salaries	\$ 134,036	\$ 649		\$ 134,685	
Vendors	864,184	486	\$ 11,433	876,103	\$ 20,222
Due to Other Governmental Units	18,623	35,839		54,462	
	<u>\$ 1,016,843</u>	<u>\$ 36,974</u>	<u>\$ 11,433</u>	<u>\$ 1,065,250</u>	<u>\$ 20,222</u>

NOTE 17. CONTINGENCIES

Litigation

The Board is periodically involved in claims and lawsuits, including personnel matters, 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.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds			
General	Special Revenue	Capital Projects	Total
<u>\$ 3,102,763</u>	<u>\$ 1,716</u>	<u>\$ 2,687,111</u>	<u>\$ 5,791,590</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$1,716 less than the actual encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$2,687,111 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,909,925 committed fund balance on a GAAP basis at June 30, 2015 which is \$1,340,276 less on the GAAP basis due to SDA grants which have not been recognized.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 18. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2015:

	Governmental Activities			Total Governmental Funds	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Proprietary Funds
Federal		\$ 66,575		\$ 66,575	\$ 12,451
State	\$ 1,201,906	23,328	\$ 42,851	1,268,085	1,143
	<u>\$ 1,201,906</u>	<u>\$ 89,903</u>	<u>\$ 42,851</u>	<u>\$ 1,334,660</u>	<u>\$ 13,594</u>

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/2014 as Previously Reported	Retroactive Adjustments	Balance 6/30/2014 Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Liabilities:			
Noncurrent Liabilities:			
Due Beyond One Year	\$12,104,177	\$21,537,472	\$33,641,649
Total Liabilities	16,425,148	21,537,472	37,962,620
Net Position - Unrestricted (Deficit)	2,444,384	(21,537,472)	(19,093,088)
Total Net Position	32,697,034	(21,537,472)	11,159,562

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

L-1

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.1126909114%	0.1156785158%
District's proportionate share of the net pension liability	\$ 21,537,472	\$ 21,658,182
District's covered employee payroll	\$ 8,036,851	\$ 8,135,292
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.98%	266.23%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 849,103	\$ 953,637
Contributions in relation to the contractually required contribution	<u>(849,103)</u>	<u>(953,637)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 8,036,851	\$ 8,135,292
Contributions as a percentage of covered employee payroll	10.57%	11.72%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-3

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
State's proportion of the net pension liability attributable to the District	0.3335370031%	0.3385841334%
State's proportionate share of the net pension liability attributable to the District	\$ 168,566,978	\$ 180,962,200
District's covered employee payroll	\$ 32,710,494	\$ 33,340,326
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	515.33%	542.77%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

**BUDGETARY COMPARISON SCHEDULES**

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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	\$ 79,539,492		\$ 79,539,492	\$ 79,539,492	
Tuition from Other LEA's	30,000	\$ (26,507)	3,493	3,493	
Transportation Fees from Individuals		13,500	13,500	14,125	\$ 625
Interest Earned on Capital Reserve Funds	1,800		1,800	5,057	3,257
Interest Earned on Maintenance Reserve Funds	1,500		1,500	2,375	875
Unrestricted Miscellaneous Revenues	101,729	13,007	114,736	347,342	232,606
Total - Local Sources	<u>79,674,521</u>		<u>79,674,521</u>	<u>79,911,884</u>	<u>237,363</u>
State Sources:					
Categorical Transportation Aid	204,541		204,541	204,541	
Special Education Categorical Aid	2,550,339		2,550,339	2,550,339	
Categorical Security Aid	86,448		86,448	86,448	
Per Pupil Growth Aid	53,090		53,090	53,090	
PARCC Readiness Aid	53,090		53,090	53,090	
Extraordinary Special Education Costs Aid	300,000		300,000	1,038,451	738,451
Nonpublic School Transportation Costs				42,804	42,804
On-Behalf TPAF Contributions:					
Post-Retirement Medical (Non-Budgeted)				2,841,276	2,841,276
Pension (Non-Budgeted)				1,789,780	1,789,780
Reimbursed TPAF Social Security (Non-Budgeted)				2,443,154	2,443,154
Total State Sources	<u>3,247,508</u>		<u>3,247,508</u>	<u>11,102,973</u>	<u>7,855,465</u>
Federal Sources:					
Medicaid Reimbursement (SEMI)	18,471		18,471	43,739	25,268
Medicaid Reimbursement (SEMI/ARRA)				7,676	7,676
Total Federal Sources	<u>18,471</u>		<u>18,471</u>	<u>51,415</u>	<u>32,944</u>
TOTAL REVENUES	<u>82,940,500</u>		<u>82,940,500</u>	<u>91,066,272</u>	<u>8,125,772</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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:					
Kindergarten - Salaries of Teachers	\$ 486,521	\$ 90,000	\$ 576,521	\$ 569,174	\$ 7,347
Grades 1-5 - Salaries of Teachers	8,864,492	(245,029)	8,619,463	8,268,316	351,147
Grades 6-8 - Salaries of Teachers	7,711,814	(190,000)	7,521,814	7,265,691	256,123
Grades 9-12 - Salaries of Teachers	7,507,589	(202,569)	7,305,020	6,905,221	399,799
Regular Programs - Home Instruction:					
Salaries of Teachers	104,350	(10,383)	93,967	65,890	28,077
Purchased Professional - Educational Services	50,000	10,383	60,383	60,383	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	59,728	(59,728)			
Purchased Professional - Educational Services	289,650	(11,964)	277,686	257,019	20,667
Purchased Technical Services	227,974	8,921	236,895	156,212	80,683
Other Purchased Services (400-500 series)	50,250	12,767	63,017	26,186	36,831
General Supplies	888,248	66,273	954,521	748,769	205,752
Textbooks	177,869	10,893	188,762	188,178	584
Other Objects	66,448	3,109	69,557	55,313	14,244
Total Regular Programs - Instruction	<u>26,484,933</u>	<u>(517,327)</u>	<u>25,967,606</u>	<u>24,566,352</u>	<u>1,401,254</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	554,152	(34,879)	519,273	491,227	28,046
Other Salaries for Instruction	205,650	(75,417)	130,233	115,057	15,176
Purchased Professional - Educational Services	65,000	(34,750)	30,250	15,595	14,655
Other Purchased Services (400-500 series)	500	(500)			
General Supplies	22,500		22,500	8,185	14,315
Textbooks	1,500		1,500		1,500
Total Multiple Disabilities	<u>849,302</u>	<u>(145,546)</u>	<u>703,756</u>	<u>630,064</u>	<u>73,692</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,898,707	\$ (433)	\$ 3,898,274	\$ 3,841,766	\$ 56,508
Other Salaries for Instruction	707,454	34,348	741,802	727,875	13,927
Purchased Technical Services	3,100		3,100	2,500	600
General Supplies	7,500	7,554	15,054	15,054	
Total Resource Room/Resource Center	<u>4,616,761</u>	<u>41,469</u>	<u>4,658,230</u>	<u>4,587,195</u>	<u>71,035</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	85,853	(17,704)	68,149	52,484	15,665
Other Salaries for Instruction	37,072	(11,274)	25,798	14,504	11,294
General Supplies	1,300	(254)	1,046		1,046
Total Preschool Disabilities - Part-Time	<u>124,225</u>	<u>(29,232)</u>	<u>94,993</u>	<u>66,988</u>	<u>28,005</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	138,917	(104)	138,813	134,636	4,177
Other Salaries for Instruction	96,665	(45,979)	50,686	50,686	
Other Purchased Services (400-500 series)		179	179		179
General Supplies	1,000	254	1,254	1,190	64
Total Preschool Disabilities - Full-Time	<u>236,582</u>	<u>(45,650)</u>	<u>190,932</u>	<u>186,512</u>	<u>4,420</u>
Total Special Education Instruction	<u>5,826,870</u>	<u>(178,959)</u>	<u>5,647,911</u>	<u>5,470,759</u>	<u>177,152</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	755,696	25,102	780,798	779,742	1,056
Other Purchased Services (400-500 series)	1,200		1,200	970	230
General Supplies	4,200		4,200	3,923	277
Total Basic Skills/Remedial - Instruction	<u>761,096</u>	<u>25,102</u>	<u>786,198</u>	<u>784,635</u>	<u>1,563</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 90,494		\$ 90,494	\$ 65,351	\$ 25,143
Total Bilingual Education - Instruction	90,494		90,494	65,351	25,143
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	284,000		284,000	272,401	11,599
Purchased Services (300-500 series)	20,000	\$ (4,294)	15,706	14,485	1,221
Supplies and Materials	22,500	7,773	30,273	23,326	6,947
Other Objects	8,400	1,001	9,401	7,811	1,590
Total School-Sponsored Cocurricular Activities - Instruction	334,900	4,480	339,380	318,023	21,357
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	688,247	25,496	713,743	666,430	47,313
Purchased Services (300-500 series)	164,961	(27,107)	137,854	130,141	7,713
Supplies and Materials	66,000	8,779	74,779	69,854	4,925
Other Objects	22,115		22,115	19,702	2,413
Total School-Sponsored Cocurricular Athletics - Instruction	941,323	7,168	948,491	886,127	62,364
Before/After School Programs - Instruction:					
Salaries of Teachers	33,000		33,000	7,410	25,590
Total Before/After School Programs - Instruction	33,000		33,000	7,410	25,590
Summer School - Instruction:					
Salaries	63,446	1,278	64,724	64,724	
Total Summer School - Instruction	63,446	1,278	64,724	64,724	
Total Instruction	34,536,062	(658,258)	33,877,804	32,163,381	1,714,423

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 40,000	\$ (40,000)			
Tuition to Other LEAs Within the State - Special	2,395,000	(151,079)	\$ 2,243,921	\$ 1,881,116	\$ 362,805
Tuition to County Vocational Schools - Regular	1,218,000		1,218,000	1,105,850	112,150
Tuition to County Vocational Schools - Special	52,000		52,000	34,000	18,000
Tuition to County Special Services Schools and Regional Day Schools	90,000	(90,000)			
Tuition to Private Schools for the Disabled - Within the State	3,216,584	(331,885)	2,884,699	2,354,841	529,858
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	339,333		339,333	235,193	104,140
Tuition - State Facilities		32,306	32,306		32,306
<b>Total Undistributed Expenditures - Instruction</b>	<b>7,350,917</b>	<b>(580,658)</b>	<b>6,770,259</b>	<b>5,611,000</b>	<b>1,159,259</b>
Attendance and Social Work Services:					
Salaries	64,354	(1,000)	63,354	60,323	3,031
<b>Total Attendance and Social Work Services</b>	<b>64,354</b>	<b>(1,000)</b>	<b>63,354</b>	<b>60,323</b>	<b>3,031</b>
Health Services:					
Salaries	688,659	(2,454)	686,205	682,863	3,342
Purchased Professional and Technical Services	16,506	(100)	16,406	9,260	7,146
Other Purchased Services (400-500 series)	600		600	586	14
Supplies and Materials	10,707	5,254	15,961	14,024	1,937
<b>Total Health Services</b>	<b>716,472</b>	<b>2,700</b>	<b>719,172</b>	<b>706,733</b>	<b>12,439</b>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	699,678	(51,631)	648,047	648,047	
Purchased Professional - Educational Services	1,553,595	278,790	1,832,385	1,610,049	222,336
Other Purchased Services (400-500 series)		646	646	470	176
Supplies and Materials	19,000	45	19,045	19,045	
<b>Total Other Support Services - Speech, OT, PT and Related Services</b>	<b>2,272,273</b>	<b>227,850</b>	<b>2,500,123</b>	<b>2,277,611</b>	<b>222,512</b>
Other Support Services - Students - Extraordinary Services:					
Salaries	567,859	121,721	689,580	683,111	6,469
<b>Total Other Support Services - Students - Extraordinary Services</b>	<b>567,859</b>	<b>121,721</b>	<b>689,580</b>	<b>683,111</b>	<b>6,469</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Guidance:</b>					
Salaries of Other Professional Staff	\$ 926,591	\$ 12,188	\$ 938,779	\$ 938,776	\$ 3
Salaries of Secretarial and Clerical Assistants	323,596	8,576	332,172	332,154	18
Other Salaries	20,612	(418)	20,194	19,372	822
Other Purchased Professional and Technical Services	5,190		5,190	4,882	308
Other Purchased Services (400-500 series)	750		750	497	253
Supplies and Materials	72,284		72,284	32,029	40,255
Other Objects	525	24	549	549	
<b>Total Guidance</b>	<b>1,349,548</b>	<b>20,370</b>	<b>1,369,918</b>	<b>1,328,259</b>	<b>41,659</b>
<b>Child Study Team:</b>					
Salaries of Other Professional Staff	1,056,158	(36,702)	1,019,456	958,042	61,414
Salaries of Secretarial and Clerical Assistants	226,986	131	227,117	227,117	
Other Salaries		117	117	117	
Purchased Professional - Educational Services	35,000	35,016	70,016	69,284	732
Other Purchased Professional and Technical Services	35,000	300	35,300	8,787	26,513
Miscellaneous Purchased Services	500	3,239	3,739	3,334	405
Supplies and Materials	11,500	9,311	20,811	20,811	
Other Objects	500		500	295	205
<b>Total Child Study Team</b>	<b>1,365,644</b>	<b>11,412</b>	<b>1,377,056</b>	<b>1,287,787</b>	<b>89,269</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisors of Instruction	543,841	1,400	545,241	545,173	68
Salaries of Other Professional Staff	167,829	(1,800)	166,029	105,694	60,335
Salaries of Secretarial and Clerical Assistants	87,692	400	88,092	88,086	6
Purchased Professional - Educational Services	65,000		65,000	57,837	7,163
Supplies and Materials	20,000		20,000		20,000
Other Objects	2,000		2,000		2,000
<b>Total Improvement of Instructional Services</b>	<b>886,362</b>		<b>886,362</b>	<b>796,790</b>	<b>89,572</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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	\$ 671,418	\$ (10,953)	\$ 660,465	\$ 603,400	\$ 57,065
Purchased Professional and Technical Services	1,300		1,300	1,169	131
Other Purchased Services (400-500 series)	1,600		1,600	468	1,132
Supplies and Materials	85,517		85,517	83,212	2,305
<b>Total Educational Media Services/School Library</b>	<b>759,835</b>	<b>(10,953)</b>	<b>748,882</b>	<b>688,249</b>	<b>60,633</b>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	654,353	(500)	653,853	647,484	6,369
Salaries of Secretarial and Clerical Assistants	70,221	500	70,721	70,719	2
Other Salaries	2,098		2,098		2,098
Purchased Professional - Educational Services	25,500	(13,000)	12,500	7,232	5,268
Other Objects	5,000		5,000	715	4,285
<b>Total Instructional Staff Training Services</b>	<b>757,172</b>	<b>(13,000)</b>	<b>744,172</b>	<b>726,150</b>	<b>18,022</b>
Support Services - General Administration:					
Salaries	343,873		343,873	339,310	4,563
Legal Services	85,000	29,127	114,127	96,339	17,788
Audit Fees	44,000	575	44,575	41,575	3,000
Architectural/Engineering Services	62,963	(575)	62,388	42,163	20,225
Other Purchased Professional Services	10,980		10,980	9,846	1,134
Purchased Technical Services	20,000		20,000	12,535	7,465
Communications/Telephone	110,000		110,000	90,214	19,786
BOE Other Purchased Services	3,000	1,134	4,134	4,134	
Miscellaneous Purchased Services (400-500 series)	90,466	976	91,442	87,443	3,999
General Supplies	7,500		7,500	6,053	1,447
Miscellaneous Expenditures	21,000		21,000	15,762	5,238
BOE Membership Dues and Fees	30,000	(149)	29,851	28,973	878
<b>Total Support Services - General Administration</b>	<b>828,782</b>	<b>31,088</b>	<b>859,870</b>	<b>774,347</b>	<b>85,523</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,787,051	\$ 9,160	\$ 1,796,211	\$ 1,794,454	\$ 1,757
Salaries of Other Professional Staff	134,640		134,640	128,512	6,128
Salaries of Secretarial and Clerical Assistants	818,012	(9,160)	808,852	758,845	50,007
Purchased Professional and Technical Services	8,500		8,500	465	8,035
Other Purchased Services (400-500 series)	114,800		114,800	66,029	48,771
Supplies and Materials	2,000		2,000	191	1,809
Other Objects	7,000		7,000	6,054	946
<b>Total Support Services - School Administration</b>	<b>2,872,003</b>		<b>2,872,003</b>	<b>2,754,550</b>	<b>117,453</b>
Central Services:					
Salaries	817,686		817,686	791,520	26,166
Purchased Professional Services	51,026	4,439	55,465	55,465	
Purchased Technical Services	75,313	(3,390)	71,923	56,950	14,973
Miscellaneous Purchased Services (400-500 series)	3,500	(188)	3,312	2,793	519
Supplies and Materials	23,900	(22)	23,878	13,887	9,991
Miscellaneous Expenditures	11,450	(1,027)	10,423	5,817	4,606
<b>Total Central Services</b>	<b>982,875</b>	<b>(188)</b>	<b>982,687</b>	<b>926,432</b>	<b>56,255</b>
Administration Information Technology:					
Salaries	254,901		254,901	195,815	59,086
Purchased Professional Services	183,546	15,954	199,500	151,326	48,174
Purchased Technical Services	104,000	(17,870)	86,130	54,576	31,554
Other Purchased Services (400-500 series)	5,000	(3,273)	1,727	1,115	612
Supplies and Materials	3,500	1,916	5,416	5,416	
<b>Total Administration Information Technology</b>	<b>550,947</b>	<b>(3,273)</b>	<b>547,674</b>	<b>408,248</b>	<b>139,426</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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:					
Required Maintenance for School Facilities:					
Salaries	\$ 697,176	\$ 50,837	\$ 748,013	\$ 728,979	\$ 19,034
Cleaning, Repair and Maintenance Services	1,381,392	658,517	2,039,909	1,209,235	830,674
General Supplies	260,578	120,611	381,189	344,699	36,490
Other Objects	3,000	4,232	7,232	7,232	
Total Required Maintenance for School Facilities	<u>2,342,146</u>	<u>834,197</u>	<u>3,176,343</u>	<u>2,290,145</u>	<u>886,198</u>
Custodial Services:					
Salaries	2,491,734	(52,255)	2,439,479	2,296,877	142,602
Salaries of Non-Instructional Aides	350,570	(27,859)	322,711	293,988	28,723
Purchased Professional and Technical Services	187,290		187,290	146,379	40,911
Cleaning, Repair and Maintenance Services	128,652	7,734	136,386	130,910	5,476
Other Purchased Property Services	180,950	(5,141)	175,809	146,290	29,519
Insurance	237,579	16,422	254,001	254,001	
General Supplies	230,692	15,803	246,495	216,350	30,145
Energy (Natural Gas)	390,000	(26,640)	363,360	326,423	36,937
Energy (Electricity)	937,400	(1,691)	935,709	870,348	65,361
Energy (Gasoline)	33,600	(7,427)	26,173	21,663	4,510
Total Custodial Services	<u>5,168,467</u>	<u>(81,054)</u>	<u>5,087,413</u>	<u>4,703,229</u>	<u>384,184</u>
Care and Upkeep of Grounds:					
Salaries	317,742	(8,751)	308,991	293,362	15,629
Cleaning, Repair and Maintenance Services	31,472	30,478	61,950	50,894	11,056
General Supplies	88,000	(4,744)	83,256	63,074	20,182
Total Care and Upkeep of Grounds	<u>437,214</u>	<u>16,983</u>	<u>454,197</u>	<u>407,330</u>	<u>46,867</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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:					
Security:					
Salaries	\$ 164,658		\$ 164,658	\$ 158,839	\$ 5,819
General Supplies	1,200		1,200		1,200
Total Security	<u>165,858</u>		<u>165,858</u>	<u>158,839</u>	<u>7,019</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	338,809	\$ (6,835)	331,974	325,109	6,865
Between Home and School - Special		6,835	6,835	6,835	
Other Than Between Home and School - Regular	125,000	(3,493)	121,507	91,196	30,311
Management Fee - ESC & CTSA Transportation Program	55,000		55,000	49,054	5,946
Other Purchased Professional and Technical Services	7,000	(321)	6,679	6,116	563
Cleaning, Repair and Maintenance Services	2,500	2,652	5,152	4,323	829
Contracted Services:					
Between Home and School - Vendors	525,000	4,321	529,321	529,321	
Other Than Between Home and School - Vendors	83,490	(15,920)	67,570	45,262	22,308
Special Education Students - Vendors	350,000	50,000	400,000	399,989	11
Regular Students - ESCs & CTSA	100,000	(8,799)	91,201	21,068	70,133
Special Education Students - ESCs & CTSA	1,400,000	(79,051)	1,320,949	1,254,279	66,670
Aid in Lieu Payments - Nonpublic Schools	165,000	23,823	188,823	182,016	6,807
Miscellaneous Purchased Services	2,500		2,500	1,850	650
General Supplies	2,500	(1,611)	889	277	612
Transportation Supplies	57,500	12,315	69,815	58,033	11,782
Other Objects		444	444	444	
Total Student Transportation Services	<u>3,214,299</u>	<u>(15,640)</u>	<u>3,198,659</u>	<u>2,975,172</u>	<u>223,487</u>
Allocated Benefits:					
Regular Programs - Instruction:					
Tuition Reimbursement	128,500		128,500	123,961	4,539
Total Allocated Benefits - Regular Programs - Instruction	<u>128,500</u>		<u>128,500</u>	<u>123,961</u>	<u>4,539</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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:					
Allocated Benefits:					
Improvement of Instruction Services:					
Tuition Reimbursement	\$ 13,000		\$ 13,000	\$ 3,236	\$ 9,764
Total Allocated Benefits - Improvement of Instruction Services	<u>13,000</u>		<u>13,000</u>	<u>3,236</u>	<u>9,764</u>
Support Services - School Administration:					
Tuition Reimbursement	20,000		20,000	13,990	6,010
Total Allocated Benefits - Support Services - School Administration	<u>20,000</u>		<u>20,000</u>	<u>13,990</u>	<u>6,010</u>
Operation and Maintenance of Plant Services:					
Other Retirement Contributions - PERS	1,100,000	\$ (11,493)	1,088,507	955,495	133,012
Total Allocated Benefits - Operation and Maintenance of Plant Services	<u>1,100,000</u>	<u>(11,493)</u>	<u>1,088,507</u>	<u>955,495</u>	<u>133,012</u>
Total Allocated Benefits	<u>1,261,500</u>	<u>(11,493)</u>	<u>1,250,007</u>	<u>1,096,682</u>	<u>153,325</u>
Unallocated Benefits:					
Social Security Contributions	960,000	9,061	969,061	954,657	14,404
Other Retirement Contributions - DCRP	31,000	600	31,600	18,026	13,574
Unemployment Compensation	125,000		125,000	125,000	
Workmen's Compensation	400,000	(13,472)	386,528	374,322	12,206
Health Benefits	12,314,580	(215,500)	12,099,080	10,804,817	1,294,263
Other Employee Benefits	440,500	206,991	647,491	550,100	97,391
Total Unallocated Benefits	<u>14,271,080</u>	<u>(12,320)</u>	<u>14,258,760</u>	<u>12,826,922</u>	<u>1,431,838</u>
On-Behalf TPAF Contributions:					
Post-Retirement Medical (Non-Budgeted)				2,841,276	(2,841,276)
Pension (Non-Budgeted)				1,789,780	(1,789,780)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				<u>2,443,154</u>	<u>(2,443,154)</u>
Total On-Behalf and Reimbursed Contributions				<u>7,074,210</u>	<u>(7,074,210)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Personal Services - Employee Benefits	\$ 15,532,580	\$ (23,813)	\$ 15,508,767	\$ 20,997,814	\$ (5,489,047)
Total Undistributed Expenses	48,185,607	536,742	48,722,349	50,562,119	(1,839,770)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>82,721,669</b>	<b>(121,516)</b>	<b>82,600,153</b>	<b>82,725,500</b>	<b>(125,347)</b>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	58,150	37	58,187	42,314	15,873
Required Maintenance for School Facilities	122,000	65,456	187,456	187,456	
Custodial Services	30,000	(9,215)	20,785	7,068	13,717
Care and Upkeep of Grounds	65,000	38,978	103,978	103,978	
Security		644,613	644,613		644,613
Noninstructional Equipment	7,783		7,783	7,783	
Total Equipment	282,933	739,869	1,022,802	348,599	674,203
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	90,000	(90,000)			
Construction Services	1,252,190	1,034,292	2,286,482	892,745	1,393,737
Lease Purchase Agreements - Principal	650,000		650,000	647,600	2,400
Other Objects (Debt Service Assessment)	165,426		165,426	165,426	
Total Facilities Acquisition and Construction Services	2,157,616	944,292	3,101,908	1,705,771	1,396,137
Assets Acquired Under Capital Leases (Non-Budgeted):					
Equipment:					
Undistributed Expenditures:					
Instruction				570,000	(570,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				570,000	(570,000)
<b>TOTAL CAPITAL OUTLAY</b>	<b>2,440,549</b>	<b>1,684,161</b>	<b>4,124,710</b>	<b>2,624,370</b>	<b>1,500,340</b>
Transfer of Funds to Charter Schools		29,914	29,914	29,914	
<b>TOTAL EXPENDITURES</b>	<b>85,162,218</b>	<b>1,592,559</b>	<b>86,754,777</b>	<b>85,379,784</b>	<b>1,374,993</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	<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 Over/(Under) Expenditures	\$ (2,221,718)	\$ (1,592,559)	\$ (3,814,277)	\$ 5,686,488	\$ 9,500,765
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				570,000	570,000
Operating Transfer In:					
Capital Projects Fund Unexpended Balances - Capital Reserve				82,266	82,266
Operating Transfers Out:					
Board Contribution:					
Special Revenue Fund - PreK - Inclusion	(223,608)	(73,752)	(297,360)	(297,360)	
Capital Projects Fund - Capital Reserve	(879,883)	(764,685)	(1,644,568)	(1,644,568)	
Total Other Financing Sources/(Uses)	(1,103,491)	(838,437)	(1,941,928)	(1,289,662)	652,266
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,325,209)	(2,430,996)	(5,756,205)	4,396,826	10,153,031
Fund Balance, July 1	14,172,380		14,172,380	14,172,380	
Fund Balance, June 30	<u>\$ 10,847,171</u>	<u>\$ (2,430,996)</u>	<u>\$ 8,416,175</u>	<u>\$ 18,569,206</u>	<u>\$ 10,153,031</u>
Recapitulation:					
Restricted:					
Excess Surplus				\$ 1,000,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,000,000	
Capital Reserve				8,714,995	
Maintenance Reserve				2,376,643	
Assigned:					
Encumbrances				3,102,763	
Unassigned				2,374,805	
				<u>18,569,206</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				(265,686)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 18,303,520</u>	

Exhibit C-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$ 498,500	\$ 175,829	\$ 674,329	\$ 597,789	\$ (76,540)
Federal Sources	1,303,250	329,969	1,633,219	1,566,297	(66,922)
Local Sources	338,061	105,463	443,524	356,688	(86,836)
<b>Total Revenues</b>	<b>2,139,811</b>	<b>611,261</b>	<b>2,751,072</b>	<b>2,520,774</b>	<b>(230,298)</b>
<b>Other Financing Sources:</b>					
Board Contribution - General Fund	223,608	73,752	297,360	297,360	
<b>Total Revenues and Other Financing Sources</b>	<b>2,363,419</b>	<b>685,013</b>	<b>3,048,432</b>	<b>2,818,134</b>	<b>(230,298)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	662,040	20,007	682,047	671,217	10,830
Purchased Professional/Educational Services	14,229	49,941	64,170	25,569	38,601
Other Purchased Services	667,500	180,142	847,642	847,336	306
General Supplies	27,900	119,404	147,304	116,719	30,585
Textbooks	50,000	13,929	63,929	63,714	215
Other Objects	1,100	(1,100)			
<b>Total Instruction</b>	<b>1,422,769</b>	<b>382,323</b>	<b>1,805,092</b>	<b>1,724,555</b>	<b>80,537</b>
<b>Support Services</b>					
Personal Services - Salaries		34,156	34,156	34,156	
Personal Services - Employee Benefits		4,513	4,513	4,513	
Purchased Professional/Educational Services	930,470	176,611	1,107,081	1,009,644	97,437
Other Purchased Services	6,100	65,143	71,243	33,256	37,987
Supplies and Materials	4,080	17,016	21,096	6,759	14,337
Other Objects		5,251	5,251	5,251	
<b>Total Support Services</b>	<b>940,650</b>	<b>302,690</b>	<b>1,243,340</b>	<b>1,093,579</b>	<b>149,761</b>
<b>Total Expenditures</b>	<b>2,363,419</b>	<b>685,013</b>	<b>3,048,432</b>	<b>2,818,134</b>	<b>230,298</b>
<b>Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 91,066,272	\$ 2,520,774
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		(1,716)
Prior Year Encumbrances		8,945
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	257,429	4,950
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(265,686)	(4,950)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 91,058,015	\$ 2,528,003
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 85,379,784	\$ 2,818,134
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		(1,716)
Prior Year Encumbrances		8,945
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 85,379,784	\$ 2,825,363

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. 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 of 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 and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments 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, 2015

	No Child Left Behind			I.D.E.A. - Part B, Basic	
	Title I	Title IIA	Title III	Regular	Preschool
REVENUE:					
State Sources					
Federal Sources	\$ 129,918	\$ 59,514	\$ 2,786	\$ 1,287,470	\$ 53,566
Local Sources					
Total Revenue	<u>129,918</u>	<u>59,514</u>	<u>2,786</u>	<u>1,287,470</u>	<u>53,566</u>
Other Financing Sources:					
Board Contribution - General Fund					
Total Revenue and Other Financing Sources	<u>\$ 129,918</u>	<u>\$ 59,514</u>	<u>\$ 2,786</u>	<u>\$ 1,287,470</u>	<u>\$ 53,566</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 49,491		\$ 2,628		
Purchased Professional/Educational Services					
Other Purchased Services				\$ 793,200	\$ 52,774
General Supplies	65,675			2,676	132
Textbooks					
Total Instruction	<u>115,166</u>		<u>2,628</u>	<u>795,876</u>	<u>52,906</u>
Support Services:					
Personal Services - Salaries	10,239				
Personal Services - Employee Benefits	4,513				
Purchased Professional/Educational Services		\$ 32,875		491,594	
Other Purchased Services		20,415			
Supplies and Materials		1,464	158		660
Other Objects		4,760			
Total Support Services	<u>14,752</u>	<u>59,514</u>	<u>158</u>	<u>491,594</u>	<u>660</u>
Total Expenditures	<u>\$ 129,918</u>	<u>\$ 59,514</u>	<u>\$ 2,786</u>	<u>\$ 1,287,470</u>	<u>\$ 53,566</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, 2015

	<u>Disaster Grants</u>		<u>NJ Nonpublic</u>		
	<u>Public Assistance FEMA</u>	<u>Local Programs</u>	<u>Textbooks</u>	<u>Nursing</u>	<u>Technology Initiative</u>
REVENUE:					
State Sources			\$ 63,714	\$ 97,799	\$ 33,876
Federal Sources	\$ 33,043				
Local Sources		\$ 118,153			
Total Revenue	<u>33,043</u>	<u>118,153</u>	<u>63,714</u>	<u>97,799</u>	<u>33,876</u>
Other Financing Sources:					
Board Contribution - General Fund					
Total Revenue and Other Financing Sources	<u>\$ 33,043</u>	<u>\$ 118,153</u>	<u>\$ 63,714</u>	<u>\$ 97,799</u>	<u>\$ 33,876</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		\$ 45,651			
Purchased Professional/Educational Services		25,569			
Other Purchased Services		1,362			
General Supplies		37,379			
Textbooks			\$ 63,714		
Total Instruction		<u>109,961</u>	<u>63,714</u>		
Support Services:					
Personal Services - Salaries	\$ 23,917				
Personal Services - Employee Benefits					
Purchased Professional/Educational Services				\$ 97,799	\$ 33,876
Other Purchased Services	4,649	8,192			
Supplies and Materials	4,477				
Other Objects					
Total Support Services	<u>33,043</u>	<u>8,192</u>		<u>97,799</u>	<u>33,876</u>
Total Expenditures	<u>\$ 33,043</u>	<u>\$ 118,153</u>	<u>\$ 63,714</u>	<u>\$ 97,799</u>	<u>\$ 33,876</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, 2015

	Nonpublic Auxiliary Services (Chapter 192)				
	Preschool Education Aid	Compensatory Education	English as a Second Language	Transportation	Home Instruction
REVENUE:					
State Sources	\$ 49,500	\$ 49,648	\$ 786	\$ 13,653	\$ 23,328
Federal Sources					
Local Sources	238,535				
Total Revenue	<u>288,035</u>	<u>49,648</u>	<u>786</u>	<u>13,653</u>	<u>23,328</u>
Other Financing Sources:					
Board Contribution - General Fund	297,360				
Total Revenue and Other Financing Sources	<u>\$ 585,395</u>	<u>\$ 49,648</u>	<u>\$ 786</u>	<u>\$ 13,653</u>	<u>\$ 23,328</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 573,447				
Purchased Professional/Educational Services					
Other Purchased Services					
General Supplies	10,857				
Textbooks					
Total Instruction	<u>584,304</u>				
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services	600	\$ 49,648	\$ 786	\$ 13,653	\$ 23,328
Other Purchased Services					
Supplies and Materials					
Other Objects	491				
Total Support Services	<u>1,091</u>	<u>49,648</u>	<u>786</u>	<u>13,653</u>	<u>23,328</u>
Total Expenditures	<u>\$ 585,395</u>	<u>\$ 49,648</u>	<u>\$ 786</u>	<u>\$ 13,653</u>	<u>\$ 23,328</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, 2015

	<u>Nonpublic Handicapped Services (Chapter 193)</u>			Totals June 30, 2015
	<u>Supplementary Instruction</u>	<u>Examination &amp; Classification</u>	<u>Corrective Speech</u>	
REVENUE:				
State Sources	\$ 104,070	\$ 140,123	\$ 21,292	\$ 597,789
Federal Sources				1,566,297
Local Sources				356,688
				<hr/>
Total Revenue	104,070	140,123	21,292	2,520,774
				<hr/>
Other Financing Sources:				
Board Contribution - General Fund				297,360
				<hr/>
Total Revenue and Other Financing Sources	<u>\$ 104,070</u>	<u>\$ 140,123</u>	<u>\$ 21,292</u>	<u>\$ 2,818,134</u>
				<hr/>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				\$ 671,217
Purchased Professional/Educational Services				25,569
Other Purchased Services				847,336
General Supplies				116,719
Textbooks				63,714
				<hr/>
Total Instruction				1,724,555
				<hr/>
Support Services:				
Personal Services - Salaries				34,156
Personal Services - Employee Benefits				4,513
Purchased Professional/Educational Services	\$ 104,070	\$ 140,123	\$ 21,292	1,009,644
Other Purchased Services				33,256
Supplies and Materials				6,759
Other Objects				5,251
				<hr/>
Total Support Services	104,070	140,123	21,292	1,093,579
				<hr/>
Total Expenditures	<u>\$ 104,070</u>	<u>\$ 140,123</u>	<u>\$ 21,292</u>	<u>\$ 2,818,134</u>

Exhibit E-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 429,635	\$ 429,635	
Other Salaries for Instruction	143,812	143,812	
General Supplies	10,857	10,857	
<b>Total Instruction</b>	<u>584,304</u>	<u>584,304</u>	
<b>Support Services:</b>			
Purchased Professional/Educational Services	600	600	
Other Objects	491	491	
<b>Total Support Services</b>	<u>1,091</u>	<u>1,091</u>	
<b>Total Expenditures</b>	<u>\$ 585,395</u>	<u>\$ 585,395</u>	<u>\$ -0-</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 49,500
Add: Actual Preschool Education Carryover (June 30, 2014)	-0-
Add: Budgeted Transfer from the General Fund 2014-15	297,360
Add: Budgeted Tuition 2014-15	238,535
<b>Total Preschool Education Aid Funds Available for 2014-2015 Budget</b>	<u>585,395</u>
Less: 2014-2015 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(585,395)
<b>Available &amp; Unbudgeted Preschool Education Aid Funds as of June 30, 2015</b>	<u>-0-</u>
Add: June 30, 2015 Unexpended Preschool Education Aid	-0-
Less: 2014-2015 Commissioner-approved Transfer to the General Fund	-0-
<b>2014-2015 Carryover - Preschool Education Aid</b>	<u>\$ -0-</u>
<b>2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2015-2016</b>	<u>\$ -0-</u>

**CAPITAL PROJECTS FUND**

Exhibit F-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 586,257
Transfer from Capital Reserve	1,644,568
	<hr/>
Total Revenue and Other Financing Sources	2,230,825
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	135,971
Construction Services	2,092,376
Transfer to General Fund:	
Unexpended Balances - Capital Reserve	82,266
	<hr/>
Total Expenditures and Other Financing Uses	2,310,613
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(79,788)
	<hr/>
Fund Balance - Beginning	3,329,989
	<hr/>
Fund Balance - Ending	\$ 3,250,201
	<hr/> <hr/>
<u>Recapitulation of Fund Balance at June 30, 2015:</u>	
Committed - Year-End Encumbrances	\$ 2,687,111
Committed	563,090
	<hr/>
Fund Balance per Governmental Funds (Budgetary Basis)	3,250,201
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on the GAAP Basis	(1,340,276)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 1,909,925
	<hr/> <hr/>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ 586,257
SDA Grants are Recognized as Revenue on the Budgetary Basis when Awarded but are not Recognized on the GAAP Basis until Expended and Submitted for Reimbursement	233,031
	<hr/>
State SDA Grant Revenue Realized (GAAP Basis)	\$ 819,288
	<hr/> <hr/>

Exhibit F-1a

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
PARK MIDDLE SCHOOL - SECURITY ALARM SYSTEM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 38,100	\$ 38,100	\$ 38,100
Transfer from Capital Reserve		57,151	57,151	57,151
Total Revenue and Other Financing Sources	\$ -0-	95,251	95,251	95,251
Expenditures:				
Purchased Professional and Technical Services		7,425	7,425	8,910
Construction Services				86,341
Total Expenditures	-0-	7,425	7,425	95,251
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 87,826	\$ 87,826	\$ -0-

## Additional Project Information:

Project Number	4670-060-14-1007
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 95,251
Change Orders	-0-
Revised Authorized Cost	\$ 95,251
Change Order Percentage	0.00%
Percentage Completion	7.80%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1b

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
TERRILL MIDDLE SCHOOL - SECURITY ALARM SYSTEM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 36,336	\$ 36,336	\$ 36,336
Transfer from Capital Reserve		54,505	54,505	54,505
Total Revenue and Other Financing Sources	\$ -0-	90,841	90,841	90,841
Expenditures:				
Purchased Professional and Technical Services		7,425	7,425	8,910
Construction Services				81,931
Total Expenditures	-0-	7,425	7,425	90,841
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 83,416	\$ 83,416	\$ -0-

## Additional Project Information:

Project Number	4670-065-14-1008
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 90,841
Change Orders	-0-
Revised Authorized Cost	\$ 90,841
Change Order Percentage	0.00%
Percentage Completion	8.17%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1c

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SCHOOL ONE ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 12,058	\$ 12,058	\$ 12,058
Transfer from Capital Reserve		18,086	18,086	18,086
Total Revenue and Other Financing Sources	\$ -0-	30,144	30,144	30,144
Expenditures:				
Purchased Professional and Technical Services		4,217	4,217	5,060
Construction Services				25,084
Total Expenditures	-0-	4,217	4,217	30,144
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 25,927	\$ 25,927	\$ -0-

## Additional Project Information:

Project Number	4670-070-14-1015
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 30,144
Change Orders	-0-
Revised Authorized Cost	\$ 30,144
Change Order Percentage	0.00%
Percentage Completion	13.99%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1d

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
BRUNNER ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 12,084	\$ 12,084	\$ 12,084
Transfer from Capital Reserve		17,994	17,994	17,994
<b>Total Revenue and Other Financing Sources</b>	<b>\$ -0-</b>	<b>30,078</b>	<b>30,078</b>	<b>30,078</b>
Expenditures:				
Purchased Professional and Technical Services		4,217	4,217	5,060
Construction Services				25,018
<b>Total Expenditures</b>	<b>-0-</b>	<b>4,217</b>	<b>4,217</b>	<b>30,078</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<b>\$ -0-</b>	<b>\$ 25,861</b>	<b>\$ 25,861</b>	<b>\$ -0-</b>

## Additional Project Information:

Project Number	4670-080-14-1016
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 30,210
Change Orders	-0-
Transfers	(132)
Revised Authorized Cost	\$ 30,078
Change Order Percentage	0.00%
Percentage Completion	14.02%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1e

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
COLES ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 12,084	\$ 12,084	\$ 12,084
Transfer from Capital Reserve		18,258	18,258	18,258
Total Revenue and Other Financing Sources	\$ -0-	30,342	30,342	30,342
Expenditures:				
Purchased Professional and Technical Services		4,217	4,217	5,060
Construction Services				25,282
Total Expenditures	-0-	4,217	4,217	30,342
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 26,125	\$ 26,125	\$ -0-

## Additional Project Information:

Project Number	4670-085-14-1017
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 30,210
Change Orders	-0-
Transfers	132
Revised Authorized Cost	\$ 30,342
Change Order Percentage	0.00%
Percentage Completion	13.90%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1f

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
COLES ELEMENTARY SCHOOL - WINDOW REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 215,552	\$ 215,552	\$ 215,552
Transfer from Capital Reserve		512,458	512,458	512,458
Total Revenue and Other Financing Sources	\$ -0-	728,010	728,010	728,010
Expenditures:				
Purchased Professional and Technical Services		24,908	24,908	30,250
Construction Services				697,760
Total Expenditures	-0-	24,908	24,908	728,010
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 703,102	\$ 703,102	\$ -0-

## Additional Project Information:

Project Number	4670-085-14-1018
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 538,881
Change Orders	-0-
Additional Authorization	189,129
Revised Authorized Cost	\$ 728,010
Change Order Percentage	0.00%
Percentage Completion	3.42%
Original Target Completion Date	12/31/15
Revised Target Completion Date	08/31/16

Exhibit F-1g

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
EVERGREEN ELEMENTARY SCHOOL - WINDOW REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 260,374	\$ 260,374	\$ 260,374
Transfer from Capital Reserve		831,116	831,116	831,116
Total Revenue and Other Financing Sources	\$ -0-	1,091,490	1,091,490	1,091,490
Expenditures:				
Purchased Professional and Technical Services		23,800	23,800	30,250
Construction Services				1,061,240
Total Expenditures	-0-	23,800	23,800	1,091,490
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 1,067,690	\$ 1,067,690	\$ -0-

## Additional Project Information:

Project Number	4670-090-14-1019
Grant Date	July 11, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 650,934
Change Orders	-0-
Additional Authorization	440,556
Revised Authorized Cost	\$ 1,091,490
Change Order Percentage	0.00%
Percentage Completion	2.18%
Original Target Completion Date	12/31/15
Revised Target Completion Date	08/31/16

Exhibit F-1h

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SCOTCH PLAINS-FANWOOD HIGH SCHOOL - HVAC REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 557,663		\$ 557,663	\$ 557,663
Transfer from Capital Reserve	836,495		836,495	836,495
Total Revenue and Other Financing Sources	1,394,158	\$ -0-	1,394,158	1,394,158
Expenditures:				
Purchased Professional and Technical Services	65,488	21,612	87,100	87,100
Construction Services		841,554	841,554	1,307,058
Total Expenditures	65,488	863,166	928,654	1,394,158
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 1,328,670	\$ (863,166)	\$ 465,504	\$ -0-

## Additional Project Information:

Project Number	4670-050-14-1001
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,394,158
Change Orders	-0-
Revised Authorized Cost	\$ 1,394,158
Change Order Percentage	0.00%
Percentage Completion	66.61%
Original Target Completion Date	09/11/14
Revised Target Completion Date	10/20/15

Exhibit F-1i

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
EVERGREEN ELEMENTARY SCHOOL - ROOF REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 336,274		\$ 336,274	\$ 336,274
Transfer from Capital Reserve	504,411		504,411	504,411
Total Revenue and Other Financing Sources	840,685	\$ -0-	840,685	840,685
Expenditures:				
Purchased Professional and Technical Services	29,763	8,044	37,807	65,513
Construction Services	331,864	199,537	531,401	775,172
Total Expenditures	361,627	207,581	569,208	840,685
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 479,058	\$ (207,581)	\$ 271,477	\$ -0-

## Additional Project Information:

Project Number	4670-090-14-1020
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 840,685
Change Orders	-0-
Revised Authorized Cost	\$ 840,685
Change Order Percentage	0.00%
Percentage Completion	67.71%
Original Target Completion Date	09/28/14
Revised Target Completion Date	10/31/15

Exhibit F-1j

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
PARK MIDDLE SCHOOL - WATERPROOF BELOW GRADE PORTIONS OF FRONT WALL PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 120,120		\$ 120,120	\$ 120,120
Transfer from Capital Reserve	180,179		180,179	180,179
Total Revenue and Other Financing Sources	300,299	\$ -0-	300,299	300,299
Expenditures:				
Purchased Professional and Technical Services	13,775	18,125	31,900	36,250
Construction Services				264,049
Total Expenditures	13,775	18,125	31,900	300,299
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 286,524	\$ (18,125)	\$ 268,399	\$ -0-

## Additional Project Information:

Project Number	4670-060-14-1005
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 300,299
Change Orders	-0-
Revised Authorized Cost	\$ 300,299
Change Order Percentage	0.00%
Percentage Completion	10.62%
Original Target Completion Date	09/01/15
Revised Target Completion Date	10/31/15

Exhibit F-1k

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
TERRILL MIDDLE SCHOOL - ROOF REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 350,231		\$ 350,231	\$ 350,231
Transfer from Capital Reserve	525,346		525,346	525,346
Total Revenue and Other Financing Sources	875,577	\$ -0-	875,577	875,577
Expenditures:				
Purchased Professional and Technical Services	33,374	2,925	36,299	39,000
Construction Services	463,901	234,552	698,453	836,577
Total Expenditures	497,275	237,477	734,752	875,577
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 378,302	\$ (237,477)	\$ 140,825	\$ -0-

## Additional Project Information:

Project Number	4670-065-14-1010
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 875,577
Change Orders	-0-
Revised Authorized Cost	\$ 875,577
Change Order Percentage	0.00%
Percentage Completion	83.92%
Original Target Completion Date	09/28/14
Revised Target Completion Date	10/31/15

Exhibit F-11

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SCOTCH PLAINS-FANWOOD HIGH SCHOOL - FIRE ALARM REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 93,733		\$ 93,733	\$ 93,733
Transfer from Capital Reserve	223,267	\$ 135,000	358,267	358,267
Total Revenue and Other Financing Sources	317,000	135,000	452,000	452,000
Expenditures:				
Purchased Professional and Technical Services	21,000	2,334	23,334	28,000
Construction Services		381,430	381,430	424,000
Total Expenditures	21,000	383,764	404,764	452,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 296,000	\$ (248,764)	\$ 47,236	\$ -0-

## Additional Project Information:

Project Number	4670-050-14-1002
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 234,333
Change Orders	-0-
Additional Authorization	217,667
Revised Authorized Cost	\$ 452,000
Change Order Percentage	0.00%
Percentage Completion	89.55%
Original Target Completion Date	12/19/14
Revised Target Completion Date	10/31/15

Exhibit F-1m

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
TERRILL MIDDLE SCHOOL - FIRE ALARM REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 72,104		\$ 72,104	\$ 72,104
Transfer from Capital Reserve	184,396		184,396	184,396
Total Revenue and Other Financing Sources	256,500	\$ -0-	256,500	256,500
Expenditures:				
Purchased Professional and Technical Services	16,125	1,792	17,917	21,500
Construction Services		201,770	201,770	235,000
Total Expenditures	16,125	203,562	219,687	256,500
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 240,375	\$ (203,562)	\$ 36,813	\$ -0-

## Additional Project Information:

Project Number	4670-065-14-1011
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 180,260
Change Orders	-0-
Additional Authorization	76,240
Revised Authorized Cost	\$ 256,500
Change Order Percentage	0.00%
Percentage Completion	85.65%
Original Target Completion Date	12/19/14
Revised Target Completion Date	10/31/15

Exhibit F-1n

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
McGINN ELEMENTARY SCHOOL - HVAC UPGRADES PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 43,182	\$ (331)	\$ 42,851	\$ 43,182
Transfer from Capital Reserve	64,774	(497)	64,277	64,774
Total Revenue and Other Financing Sources	107,956	(828)	107,128	107,956
Expenditures:				
Purchased Professional and Technical Services	14,450	2,550	17,000	17,000
Construction Services		90,128	90,128	90,956
Total Expenditures	14,450	92,678	107,128	107,956
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 93,506	\$ (93,506)	\$ -0-	\$ -0-

## Additional Project Information:

Project Number	4670-105-14-1021
Grant Date	May 16, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 107,956
Change Orders	-0-
Revised Authorized Cost	\$ 107,956
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	09/11/14
Revised Target Completion Date	04/24/15

Exhibit F-1o

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SCOTCH PLAINS-FANWOOD HIGH SCHOOL - SCIENCE LAB PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 143,480	\$ (81,769)	\$ 61,711	\$ 143,480
Transfer from Capital Outlay	106,520		106,520	106,520
Total Revenue and Other Financing Sources	250,000	(81,769)	168,231	250,000
Expenditures:				
Purchased Professional and Technical Services	22,446	2,380	24,826	24,826
Construction Services		143,405	143,405	225,174
Total Expenditures	22,446	145,785	168,231	250,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 227,554	\$ (227,554)	\$ -0-	\$ -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	\$ 250,000
Change Orders	-0-
Revised Authorized Cost	\$ 250,000
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	08/29/14
Revised Target Completion Date	09/26/14

**PROPRIETARY FUNDS**

Exhibit G-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Summer Community Education Program</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 422,516	\$ 116,747	\$ 539,263
Accounts Receivable:			
Other Governments:			
Federal	12,451		12,451
State	1,143		1,143
Inventories	10,741		10,741
Total Current Assets	446,851	116,747	563,598
Non-Current Assets:			
Capital Assets	536,116		536,116
Less: Accumulated Depreciation	(195,278)		(195,278)
Total Non-Current Assets	340,838	-0-	340,838
Total Assets	787,689	116,747	904,436
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	20,222		20,222
Interfund Payable - General Fund	8,708		8,708
Unearned Revenue:			
Prepaid Sales	44,992		44,992
Total Current Liabilities	73,922	-0-	73,922
Total Liabilities	73,922	-0-	73,922
<u>NET POSITION:</u>			
Net Investment in Capital Assets	340,838		340,838
Unrestricted	372,929	116,747	489,676
Total Net Position	\$ 713,767	\$ 116,747	\$ 830,514

Exhibit G-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Total</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Summer Community Education Program</u>	
Operating Revenue:			
Charges for Services:			
Daily Sales	\$ 1,192,389		\$ 1,192,389
Special Events	8,727		8,727
Program Fees		\$ 42,858	42,858
Total Operating Revenue	<u>1,201,116</u>	<u>42,858</u>	<u>1,243,974</u>
Operating Expenses:			
Cost of Sales	625,273		625,273
Salaries	472,517	45,357	517,874
Payroll Taxes	68,161		68,161
Employee Benefits	40,410		40,410
Purchased Property Services	9,508		9,508
Management Fee	70,241		70,241
Insurance	67,570		67,570
Supplies and Materials	44,868	3,084	47,952
Depreciation Expense	27,281		27,281
Total Operating Expenses	<u>1,425,829</u>	<u>48,441</u>	<u>1,474,270</u>
Operating Income/(Loss)	<u>(224,713)</u>	<u>(5,583)</u>	<u>(230,296)</u>
Non-Operating Revenue:			
Federal Sources:			
National School Lunch Program	191,575		191,575
Special Milk Program	5,379		5,379
Food Distribution Program	78,577		78,577
State Sources:			
School Lunch Program	12,102		12,102
School Lunch Program - Supplemental	376		376
Local Sources - Interest Revenue	472	82	554
Total Non-Operating Revenue	<u>288,481</u>	<u>82</u>	<u>288,563</u>
Change in Net Position Before Other Item	63,768	(5,501)	58,267
Other Item - Disposal of Capital Assets, Net	(264)		(264)
Change in Net Position	63,504	(5,501)	58,003
Net Position - Beginning of Year	<u>650,263</u>	<u>122,248</u>	<u>772,511</u>
Net Position - End of Year	<u>\$ 713,767</u>	<u>\$ 116,747</u>	<u>\$ 830,514</u>

Exhibit G-3

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	Summer Community Education Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,214,284	\$ 42,858	\$ 1,257,142
Payments to Employees	(47,736)	(45,357)	(93,093)
Payments to Food Service Vendor	(1,259,583)		(1,259,583)
Payments to Suppliers	(15,301)	(3,084)	(18,385)
Net Cash Used for Operating Activities	(108,336)	(5,583)	(113,919)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(170,008)		(170,008)
Net Cash Used for Capital Financing Activities	(170,008)	-0-	(170,008)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	197,639		197,639
State Sources	12,973		12,973
Net Cash Provided by Noncapital Financing Activities	210,612	-0-	210,612
Cash Flows from Investing Activities:			
Interest Revenue	472	82	554
Net Cash Provided by Investing Activities	472	82	554
Net Decrease in Cash and Cash Equivalents	(67,260)	(5,501)	(72,761)
Cash and Cash Equivalents, July 1	489,776	122,248	612,024
Cash and Cash Equivalents, June 30	\$ 422,516	\$ 116,747	\$ 539,263
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ (224,713)	\$ (5,583)	\$ (230,296)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	27,281		27,281
Federal Food Distribution Program	78,577		78,577
Changes in Assets and Liabilities:			
(Increase) in Inventory	(3,950)		(3,950)
Increase in Accounts Payable	3,782		3,782
(Decrease) in Interfund Payable	(2,611)		(2,611)
Increase in Unearned Revenue	13,298		13,298
Net Cash Used for Operating Activities	\$ (108,336)	\$ (5,583)	\$ (113,919)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$78,577 for the fiscal year ended June 30, 2015.

**FIDUCIARY FUNDS**

Exhibit H-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	Agency		Unemployment Compensation Trust	Flexible Spending Trust	
	Student Activity	Payroll			Total
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 228,900	\$ 368,178	\$ 597,078	\$ 664,001	\$ 20,109
Total Assets	<u>228,900</u>	<u>368,178</u>	<u>597,078</u>	<u>664,001</u>	<u>20,109</u>
<u>LIABILITIES:</u>					
Interfund Payable:					
General Fund	9,781		9,781		
Payroll Deductions and Withholdings		368,178	368,178		
Due to Student Groups	<u>219,119</u>		<u>219,119</u>		
Total Liabilities	<u>228,900</u>	<u>368,178</u>	<u>597,078</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims			664,001		
Flexible Spending Claims					<u>20,109</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 664,001</u>	<u>\$ 20,109</u>

Exhibit H-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 72,562	\$ 37,120
Employer	125,000	
Total Contributions	<u>197,562</u>	<u>37,120</u>
Investment Earnings:		
Interest	596	11
Net Investment Earnings	<u>596</u>	<u>11</u>
Total Additions	<u>198,158</u>	<u>37,131</u>
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	104,746	
Flexible Spending Claims		31,390
Total Deductions	<u>104,746</u>	<u>31,390</u>
Change in Net Position	93,412	5,741
Net Position - Beginning of the Year	<u>570,589</u>	<u>14,368</u>
Net Position - End of the Year	<u><u>\$ 664,001</u></u>	<u><u>\$ 20,109</u></u>

Exhibit H-3

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 203,994	\$ 808,373	\$ 783,467	\$ 228,900
Total Assets	<u>\$ 203,994</u>	<u>\$ 808,373</u>	<u>\$ 783,467</u>	<u>\$ 228,900</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable:				
General Fund		\$ 9,781		\$ 9,781
Due to Student Groups	\$ 203,994	798,592	\$ 783,467	219,119
Total Liabilities	<u>\$ 203,994</u>	<u>\$ 808,373</u>	<u>\$ 783,467</u>	<u>\$ 228,900</u>

Exhibit H-4

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Interfund</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2015</u>
Senior High School:					
Scotch Plains-Fanwood	\$ 176,849	\$ 499,415	\$ 530,695		\$ 145,569
Student Athletic Account	2,038	95,372	92,644		4,766
Middle Schools:					
Park	5,671	51,571	50,701		6,541
Terrill	18,805	81,623	80,262	\$ 9,781	10,385
Elementary Schools	631	19,599	19,648		582
Music Fund		60,793	9,517		51,276
Total All Schools	<u>\$ 203,994</u>	<u>\$ 808,373</u>	<u>\$ 783,467</u>	<u>\$ 9,781</u>	<u>\$ 219,119</u>

Exhibit H-5

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 363,372	\$ 50,830,790	\$ 50,825,984	\$ 368,178
Total Assets	<u>\$ 363,372</u>	<u>\$ 50,830,790</u>	<u>\$ 50,825,984</u>	<u>\$ 368,178</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund		\$ 757	\$ 757	
Payroll Deductions and Withholdings	\$ 363,372	50,830,033	50,825,227	\$ 368,178
Total Liabilities	<u>\$ 363,372</u>	<u>\$ 50,830,790</u>	<u>\$ 50,825,984</u>	<u>\$ 368,178</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 June 30, 2015		Interest Rate	Balance July 1, 2014	Retired/ Matured	Balance June 30, 2015
			Date	Amount				
School Refunding Bonds	02/11/10	\$ 12,180,000	07/15/15	\$ 1,225,000	3.000%			
			07/15/16	1,210,000	3.500%			
			07/15/17	1,195,000	4.000%			
			07/15/18	1,185,000	4.000%			
			07/15/19	1,175,000	4.000%			
			07/15/20	1,170,000	5.000%			
			07/15/21	1,165,000	5.000%			
			07/15/22	740,000	5.000%			
					\$ 10,305,000	\$ 1,240,000	\$ 9,065,000	
					<u>\$ 10,305,000</u>	<u>\$ 1,240,000</u>	<u>\$ 9,065,000</u>	

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired/ Matured</u>	<u>Balance June 30, 2015</u>
Computer Equipment	1.97%	\$ 640,000	\$ 161,689		\$ 161,689	
Computer Equipment	1.55%	800,000	376,584		186,847	\$ 189,737
Computer and Technology Equipment	1.05%	550,000	430,272		141,933	288,339
Computer Equipment	1.14%	570,000		\$ 570,000	144,905	425,095
			<u>\$ 968,545</u>	<u>\$ 570,000</u>	<u>\$ 635,374</u>	<u>\$ 903,171</u>

Exhibit I-3

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,639,850		\$ 1,639,850	\$ 1,639,850	
Total Revenues	1,639,850		1,639,850	1,639,850	
EXPENDITURES:					
Regular Debt Service:					
Interest	399,850		399,850	399,850	
Redemption of Principal	1,240,000		1,240,000	1,240,000	
Total Regular Debt Service	1,639,850		1,639,850	1,639,850	
Total Expenditures	1,639,850		1,639,850	1,639,850	
Excess of Revenues Over Expenditures	-0-		-0-	-0-	
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**STATISTICAL SECTION  
(UNAUDITED)**

**STATISTICAL SECTION**  
**(UNAUDITED)**

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**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

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.

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.

Exhibit J-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	June 30,				
	2006	2007	2008	2009	2010
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 14,871,772	\$ 16,729,024	\$ 12,936,920	\$ 13,568,963	\$ 15,176,305
Restricted/(Deficit)	5,040,203	2,008,755	365,656	(20,310)	1,729,678
Unrestricted/(Deficit)	970,716	433,382	443,268	149,198	(284,303)
<b>Total Governmental Activities Net Position</b>	<b>\$ 20,882,691</b>	<b>\$ 19,171,161</b>	<b>\$ 13,745,844</b>	<b>\$ 13,697,851</b>	<b>\$ 16,621,680</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 28,438	\$ 23,728	\$ 49,430	\$ 78,583	\$ 81,810
Unrestricted	28,314	265,090	381,584	413,196	544,629
<b>Total Business-Type Activities Net Position</b>	<b>\$ 56,752</b>	<b>\$ 288,818</b>	<b>\$ 431,014</b>	<b>\$ 491,779</b>	<b>\$ 626,439</b>
<b>District-wide:</b>					
Net Investment in Capital Assets	\$ 14,900,210	\$ 16,752,752	\$ 12,986,350	\$ 13,647,546	\$ 15,258,115
Restricted/(Deficit)	5,040,203	2,008,755	365,656	(20,310)	1,729,678
Unrestricted	999,030	698,472	824,852	562,394	260,326
<b>Total District Net Position</b>	<b>\$ 20,939,443</b>	<b>\$ 19,459,979</b>	<b>\$ 14,176,858</b>	<b>\$ 14,189,630</b>	<b>\$ 17,248,119</b>

	June 30,				
	2011	2012	2013	2014 (Restated)	2015
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 15,517,308	\$ 15,587,946	\$ 17,122,257	\$ 19,820,524	\$ 23,387,130
Restricted	5,853,356	9,477,280	10,688,069	10,432,126	13,091,638
Unrestricted (Deficit)	879,152	1,234,782	474,462	(19,093,088)	(17,541,421)
<b>Total Governmental Activities Net Position</b>	<b>\$ 22,249,816</b>	<b>\$ 26,300,008</b>	<b>\$ 28,284,788</b>	<b>\$ 11,159,562</b>	<b>\$ 18,937,347</b>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	\$ 119,819	\$ 155,084	\$ 132,144	\$ 198,375	\$ 340,838
Unrestricted	582,945	515,259	564,173	574,136	489,676
<b>Total Business-Type Activities Net Position</b>	<b>\$ 702,764</b>	<b>\$ 670,343</b>	<b>\$ 696,317</b>	<b>\$ 772,511</b>	<b>\$ 830,514</b>
<b>District-wide:</b>					
Net Investment in Capital Assets	\$ 15,637,127	\$ 15,743,030	\$ 17,254,401	\$ 20,018,899	\$ 23,727,968
Restricted	5,853,356	9,477,280	10,688,069	10,432,126	13,091,638
Unrestricted	1,462,097	1,750,041	1,038,635	(18,518,952)	(17,051,745)
<b>Total District Net Position</b>	<b>\$ 22,952,580</b>	<b>\$ 26,970,351</b>	<b>\$ 28,981,105</b>	<b>\$ 11,932,073</b>	<b>\$ 19,767,861</b>

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 28,001,841	\$ 32,086,076	\$ 32,546,072	\$ 33,546,405	\$ 34,892,752	\$ 34,974,613	\$ 35,282,492	\$ 37,140,797	\$ 35,478,201	\$ 40,521,714
Special Education	5,645,819	6,794,746	8,126,570	8,038,031	8,262,388	8,054,577	8,584,624	8,938,963	8,694,618	9,859,045
Other Special Instruction	1,031,594	1,176,988	1,148,311	1,093,917	1,197,979	1,108,568	999,260	1,050,855	1,192,944	1,376,937
Other Instruction	1,580,873	1,806,398	1,723,244	1,742,805	1,758,112	1,482,290	1,546,737	1,628,973	1,696,535	1,902,654
Support Services:										
Tuition	4,553,437	4,531,507	5,190,826	6,205,373	6,932,769	6,965,007	6,423,166	6,858,331	6,678,878	5,611,000
Student & Instruction Related Services	10,687,973	12,257,349	12,070,136	11,958,099	10,937,889	9,937,521	10,533,909	11,473,965	11,588,432	13,724,324
General Administrative Services	2,687,553	2,740,923	1,054,929	979,670	1,028,764	933,389	1,016,294	977,288	956,102	995,246
School Administrative Services	3,386,806	3,516,173	3,782,650	3,653,271	3,844,802	3,795,205	3,900,767	3,999,547	3,958,554	4,416,941
Central Services			1,329,852	1,354,749	1,368,378	1,297,661	1,096,883	1,233,652	1,304,897	1,419,966
Administrative Information Technology			542,494	521,197	503,050	468,516	395,203	534,482	452,867	530,507
Plant Operations and Maintenance	7,765,008	8,151,273	9,060,286	8,376,992	8,430,303	8,634,741	8,806,384	8,568,519	9,878,576	11,168,268
Pupil Transportation	2,692,147	2,998,088	3,022,634	3,054,463	2,796,350	2,618,482	2,773,873	3,202,465	3,201,989	3,250,503
Special Schools	41,955									
Charter Schools	870,638		17,284	9,653	46,894	28,347		12,452		29,914
Capital Outlay		1,243,230								
Interest on Long-term Debt	972,115	905,325	856,669	883,477	676,764	634,086	568,395	508,890	434,941	385,708
Unallocated Depreciation	1,641,019	1,715,442	1,696,066	972,500	971,967	1,144,601	1,135,544	1,200,658	995,807	1,022,329
<b>Total Governmental Activities Expenses</b>	<b>71,558,778</b>	<b>79,923,518</b>	<b>82,168,023</b>	<b>82,390,602</b>	<b>83,649,161</b>	<b>82,077,604</b>	<b>83,063,531</b>	<b>87,329,837</b>	<b>86,513,341</b>	<b>96,215,056</b>
Business-Type Activities:										
Food Service	1,190,194	1,087,176	1,237,042	1,269,772	1,235,126	1,306,592	1,539,363	1,408,969	1,469,874	1,426,093
Summer Community Education Program		51,393	75,818	83,622	85,797	61,365	52,188	63,149	52,971	48,441
<b>Total Business-Type Activities Expenses</b>	<b>1,190,194</b>	<b>1,138,569</b>	<b>1,312,860</b>	<b>1,353,394</b>	<b>1,320,923</b>	<b>1,367,957</b>	<b>1,591,551</b>	<b>1,472,118</b>	<b>1,522,845</b>	<b>1,474,534</b>
<b>Total District-Wide Expenses</b>	<b>72,748,972</b>	<b>81,062,087</b>	<b>83,480,883</b>	<b>83,743,996</b>	<b>84,970,084</b>	<b>83,445,561</b>	<b>84,655,082</b>	<b>88,801,955</b>	<b>88,036,186</b>	<b>97,689,590</b>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	103,859	46,197								
Instruction (Preschool Tuition)					229,550	225,670	299,174	343,687	106,293	3,493
Other Instruction (Student Activity Fees)					135,600	111,820		274,795	238,535	
Operating Grants and Contributions	1,009,036	13,162,797	13,327,272	11,199,836	11,835,634	9,377,705	10,960,053	12,791,667	12,262,293	21,162,898
Capital Grants and Contributions			634,534	12,264	224,561	312,842				819,288
<b>Total Governmental Activities Program Revenues</b>	<b>1,112,895</b>	<b>13,208,994</b>	<b>13,961,806</b>	<b>11,212,100</b>	<b>12,425,345</b>	<b>10,028,037</b>	<b>11,259,227</b>	<b>13,135,354</b>	<b>12,643,381</b>	<b>22,224,214</b>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 1,092,720	\$ 1,057,955	\$ 1,129,645	\$ 1,121,874	\$ 1,118,173	\$ 1,116,135	\$ 1,200,996	\$ 1,171,896	\$ 1,264,950	\$ 1,201,116
Summer Community Education Program		122,056	70,142	65,704	72,726	61,958	70,216	66,470	59,215	42,858
Operating Grants and Contributions	113,781	173,465	217,652	224,017	263,493	265,235	287,189	276,272	274,297	288,009
Total Business-Type Activities Revenues	1,206,501	1,353,476	1,417,439	1,411,595	1,454,392	1,443,328	1,558,401	1,514,638	1,598,462	1,531,983
Total District-wide Program Revenues	2,319,396	14,562,470	15,379,245	12,623,695	13,879,737	11,471,365	12,817,628	14,649,992	14,241,843	23,756,197
Net (Expense)/Revenue:										
Governmental Activities	(70,445,883)	(66,714,524)	(68,206,217)	(71,178,502)	(71,223,816)	(72,049,567)	(71,804,304)	(74,194,483)	(73,869,960)	(73,990,842)
Business-Type Activities	16,307	214,907	104,579	58,201	133,469	75,371	(33,150)	42,520	75,617	57,449
Total District-wide Net (Expense)/Revenue	(70,429,576)	(66,499,617)	(68,101,638)	(71,120,301)	(71,090,347)	(71,974,196)	(71,837,454)	(74,151,963)	(73,794,343)	(73,933,393)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	58,662,794	62,140,004	65,455,759	67,753,660	71,122,752	74,107,662	73,596,374	74,816,890	76,313,228	79,539,492
Taxes Levied for Debt Service	2,560,652	2,487,477	2,410,146	2,343,994	2,343,994	2,343,855	1,806,964	1,601,640	1,678,758	1,639,850
Unrestricted Grants and Contributions	10,201,213	458,060	568,314	422,447	422,540	69,752	25,731	117,930	126,928	234,511
Investment Earnings	380,197	498,482	293,172	90,716	33,365	24,112	2,036	17,010	21,155	23,388
Miscellaneous Income	348,251	53,505	284,729	519,692	224,994	1,132,322	148,776	299,192	142,137	331,386
Total Governmental Activities General Revenues and Other Changes in Net Position	72,153,107	65,637,528	69,012,120	71,130,509	74,147,645	77,677,703	75,579,881	76,852,662	78,282,206	81,768,627
Business-type Activities:										
Investment Earnings	6,113	17,159	7,205	2,564	1,191	954	729	557	577	554
Total Business-type Activities General Revenues and Other Changes in Net Position	6,113	17,159	7,205	2,564	1,191	954	729	557	577	554
Total District-wide General Revenues and Other Changes in Net Position	72,159,220	65,654,687	69,019,325	71,133,073	74,148,836	77,678,657	75,580,610	76,853,219	78,282,783	81,769,181
Change in Net Position:										
Governmental Activities	1,707,224	(1,076,996)	805,903	(47,993)	2,923,829	5,628,136	3,775,577	2,658,179	4,412,246	7,777,785
Business-Type Activities	22,420	232,066	111,784	60,765	134,660	76,325	(32,421)	43,077	76,194	58,003
Total District-Wide Change in Net Position	\$ 1,729,644	\$ (844,930)	\$ 917,687	\$ 12,772	\$ 3,058,489	\$ 5,704,461	\$ 3,743,156	\$ 2,701,256	\$ 4,488,440	\$ 7,835,788

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

Exhibit J-3

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

	June 30,				
	2006	2007	2008	2009	2010
General Fund:					
Reserved	\$ 2,361,979	\$ 920,110	\$ 889,856	\$ 444,874	\$ 2,021,523
Unreserved	1,317,193	1,454,458	1,457,559	1,724,333	1,985,653
Total General Fund	<u>\$ 3,679,172</u>	<u>\$ 2,374,568</u>	<u>\$ 2,347,415</u>	<u>\$ 2,169,207</u>	<u>\$ 4,007,176</u>
All Other Governmental Funds:					
Reserved			\$ 349,902	\$ 508,540	
Unreserved, Reported in:					
Special Revenue Fund/(Deficit)				(973,863)	\$ (4,946)
Capital Projects Fund/(Deficit)	\$ 2,667,263	\$ 1,077,685	(874,102)	139	(397,147)
Debt Service Fund	10,961	10,960			110,248
Total All Other Governmental Funds	<u>\$ 2,678,224</u>	<u>\$ 1,088,645</u>	<u>\$ (524,200)</u>	<u>\$ (465,184)</u>	<u>\$ (291,845)</u>
Total Governmental Funds	<u>\$ 6,357,396</u>	<u>\$ 3,463,213</u>	<u>\$ 1,823,215</u>	<u>\$ 1,704,023</u>	<u>\$ 3,715,331</u>
	June 30,				
	2011	2012	2013	2014	2015
General Fund:					
Restricted	\$ 5,705,064	\$ 9,308,096	\$10,667,177	\$ 10,432,126	\$ 13,091,638
Assigned	718,663	1,196,001	1,191,280	1,448,626	3,102,763
Unassigned	1,825,023	1,720,925	1,880,535	2,034,199	2,109,119
Total General Fund	<u>\$ 8,248,750</u>	<u>\$ 12,225,022</u>	<u>\$13,738,992</u>	<u>\$ 13,914,951</u>	<u>\$ 18,303,520</u>
All Other Governmental Funds:					
Restricted	\$ 148,292	\$ 169,184	\$ 20,892		
Committed	39,563			\$ 1,756,682	\$ 1,909,925
Unassigned/(Deficit)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Total All Other Governmental Funds	<u>\$ 187,855</u>	<u>\$ 164,234</u>	<u>\$ 15,942</u>	<u>\$ 1,751,732</u>	<u>\$ 1,904,975</u>
Total Governmental Funds	<u>\$ 8,436,605</u>	<u>\$ 12,389,256</u>	<u>\$13,754,934</u>	<u>\$ 15,666,683</u>	<u>\$ 20,208,495</u>

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 61,223,446	\$ 64,627,481	\$ 67,865,905	\$ 70,097,654	\$ 73,466,746	\$ 76,451,517	\$ 75,403,338	\$ 76,418,530	\$ 77,991,986	\$ 81,179,342
Tuition Charges	103,859	46,197			229,550	225,670	299,174	343,687	106,293	3,493
Interest Earnings	380,197	498,482	293,172	90,716						
Miscellaneous	348,251	53,505	277,976	519,692	393,959	299,769	129,920	316,202	163,292	368,899
Local Sources	41,656	66,439	76,711	126,819	127,151	101,925	135,195	126,137	438,815	357,105
State Sources	9,968,147	12,064,532	12,973,897	10,135,611	10,358,250	7,074,596	9,035,294	11,147,621	10,633,656	12,511,793
Federal Sources	1,200,446	1,489,886	1,479,512	1,372,117	1,997,334	2,270,936	1,815,295	1,635,839	1,591,545	1,624,524
<b>Total Revenues</b>	<b>73,266,002</b>	<b>78,846,522</b>	<b>82,967,173</b>	<b>82,342,609</b>	<b>86,572,990</b>	<b>86,424,413</b>	<b>86,818,216</b>	<b>89,988,016</b>	<b>90,925,587</b>	<b>96,045,156</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	20,484,986	23,544,346	23,006,070	23,611,676	24,566,429	24,389,000	24,885,065	25,633,345	25,114,750	25,324,748
Special Education Instruction	4,028,662	4,959,100	6,069,105	6,072,699	6,385,070	6,143,604	6,401,389	6,422,060	6,391,483	6,436,136
Other Special Instruction	734,345	844,824	800,617	780,118	853,019	771,855	709,762	713,997	835,441	849,986
School Sponsored/Other Instruction	1,198,916	1,369,340	1,284,472	1,310,668	1,326,815	1,111,359	1,185,244	1,197,075	1,274,445	1,276,284
<b>Support Services:</b>										
Tuition	4,553,437	4,531,507	5,190,826	6,205,373	6,932,769	6,965,007	6,423,166	6,858,331	6,678,878	5,611,000
Student & Instruction Related Services	8,030,444	9,249,780	8,955,785	9,029,123	8,256,256	7,421,142	7,996,473	8,679,878	8,910,310	9,623,560
General Administrative Services	2,111,949	956,225	864,174	775,710	811,213	768,157	802,193	731,459	763,133	774,347
School Administrative Services	2,447,314	2,449,750	2,645,341	2,620,307	2,718,318	2,703,928	2,757,311	2,790,612	2,760,922	2,754,550
Plant Operations and Maintenance	6,241,630	6,429,216	6,609,710	6,728,714	6,705,686	6,886,933	6,095,898	6,622,257	7,172,308	7,592,586
Pupil Transportation	2,537,608	2,815,856	2,836,576	2,874,739	2,607,932	2,383,885	2,567,372	2,989,107	3,008,732	2,975,172
Central Services		1,014,843	972,279	1,026,734	1,027,952	996,535	829,361	883,667	963,399	926,432
Administrative Information Technology		389,464	394,652	380,180	373,367	405,678	310,974	409,114	364,808	408,248
Allocated Benefits									1,004,782	1,096,682
Unallocated Benefits	15,401,498	17,482,339	19,048,824	17,338,957	18,371,255	17,781,481	18,912,364	20,420,837	18,728,487	19,901,132
Special Schools	29,634									
Charter Schools			17,284	9,653	46,894	28,347		12,452		29,914
Capital Outlay	2,871,226	2,582,103	3,497,103	2,300,230	2,258,122	2,590,562	1,837,971	3,308,215	3,892,310	4,852,717
<b>Debt Service:</b>										
Principal	1,555,850	1,555,850	1,555,850	2,044,850	2,079,150	1,912,550	1,255,850	1,250,850	1,250,000	1,240,000
Interest and Other Charges	993,842	931,628	865,256	849,005	654,735	583,251	551,114	499,082	449,650	399,850
<b>Total Expenditures</b>	<b>73,221,341</b>	<b>81,106,171</b>	<b>84,613,924</b>	<b>83,958,736</b>	<b>85,974,982</b>	<b>83,843,274</b>	<b>83,521,507</b>	<b>89,422,338</b>	<b>89,563,838</b>	<b>92,073,344</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	44,661	(2,259,649)	(1,646,751)	(1,616,127)	598,008	2,581,139	3,296,709	565,678	1,361,749	3,971,812

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses):										
Premium on Temporary Note			\$ 6,753							
Capital Leases (non-budgeted)				\$ 996,935	\$ 540,000	\$ 540,000	\$ 640,000	\$ 800,000	\$ 550,000	\$ 570,000
Prior Year Accounts Payable Canceled						968,485				
Unexpended Balance of School										
Refunding Bonds Issuance Costs							20,892			
Transfers In	\$ 1,209,014	\$ 315,257	6,753	1,373,520	1,405,018	816,690			2,960,714	2,024,194
Transfers Out	(1,209,014)	(315,257)	(6,753)	(873,520)	(531,718)	(189,990)			(2,960,714)	(2,024,194)
<b>Total Other Financing Sources (Uses)</b>	<b>-0-</b>	<b>-0-</b>	<b>6,753</b>	<b>1,496,935</b>	<b>1,413,300</b>	<b>2,135,185</b>	<b>660,892</b>	<b>800,000</b>	<b>550,000</b>	<b>570,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 44,661</b>	<b>\$ (2,259,649)</b>	<b>\$ (1,639,998)</b>	<b>\$ (119,192)</b>	<b>\$ 2,011,308</b>	<b>\$ 4,716,324</b>	<b>\$ 3,957,601</b>	<b>\$ 1,365,678</b>	<b>\$ 1,911,749</b>	<b>\$ 4,541,812</b>
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.2%	3.0%	3.5%	3.3%	3.1%	2.2%	2.0%	2.0%	1.9%

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

Exhibit J-5

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 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Preschool</u> <u>Tuition and</u> <u>Application</u> <u>Fees</u>	<u>Student</u> <u>Activity Fees</u>	<u>Other</u>	<u>Total</u>
2006	\$ 380,197	\$ 103,859			\$ 348,251	\$ 832,307
2007	498,482	46,197			53,505	598,184
2008	293,172	-0-			277,976	571,148
2009	90,716	-0-			519,692	610,408
2010	33,365	-0-	\$ 229,550	\$ 135,600	224,994	623,509
2011	24,112	-0-	225,670	111,820	163,837	525,439
2012	18,954	18,699	280,475		110,966	429,094
2013	17,010	70,937	272,750		299,192	659,889
2014	21,155	106,293			142,137	269,585
2015	23,388	3,493			345,511	372,392

Source: Scotch Plains-Fanwood Regional School District records.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN 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 <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	\$ 5.991	\$ 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	6.310	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	6.519	1,132,051,574
2008	1,930,300	209,549,200	-0-	-0-	12,152,500	2,456,500	-0-	226,088,500	91,295	226,179,795	7,717,200	6.681	1,183,897,197
2009	1,184,600	210,409,000	-0-	-0-	14,217,700	2,284,100	-0-	228,095,400	103,302	228,198,702	8,009,500	7.164	1,236,990,322
2010	1,294,100	210,556,900	-0-	-0-	14,837,700	2,284,100	-0-	228,972,800	99,851	229,072,651	6,797,800	7.570	1,226,437,723
2011	1,438,300	210,103,900	-0-	-0-	14,620,900	2,284,100	-0-	228,447,200	88,274	228,535,474	6,713,400	7.409	1,152,140,049
2012	1,342,300	210,195,800	-0-	-0-	14,547,000	2,284,100	-0-	228,369,200	101,515	228,470,715	6,772,100	7.422	1,100,003,442
2013	1,434,800	210,204,400	-0-	-0-	14,298,200	2,269,700	-0-	228,207,100	117,488	228,324,588	7,635,700	7.583	1,100,474,184
2014	1,647,900	209,793,300	-0-	-0-	14,568,900	2,269,700	-0-	228,279,800	94,804	228,374,604	7,635,700	7.833	1,091,260,298

**TOWNSHIP OF SCOTCH PLAINS**

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	\$ 4.803	\$ 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	4.996	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	5.228	4,107,366,668
2008	7,323,800	892,649,700	1,098,900	14,500	62,877,700	6,537,800	23,855,500	994,357,900	696,589	995,054,489	206,096,700	5.445	4,299,079,613
2009	7,061,100	895,773,700	1,098,900	14,500	59,423,800	6,537,800	23,755,500	993,665,300	809,816	994,475,116	210,783,900	5.649	4,281,470,492
2010	6,594,600	895,519,200	1,098,900	14,500	60,068,800	6,537,800	23,755,500	993,589,300	855,487	994,444,787	211,229,600	5.856	4,164,816,201
2011	6,990,300	893,232,800	1,076,500	14,500	59,842,200	6,511,400	25,155,500	992,823,200	682,667	993,505,867	210,082,400	5.914	3,984,577,500
2012	6,772,000	892,079,700	1,076,500	14,500	57,946,200	6,511,400	25,155,500	989,555,800	674,082	990,229,882	210,290,400	5.992	3,856,035,366
2013	6,619,000	890,624,700	1,076,500	14,500	58,083,100	6,511,400	25,155,500	988,084,700	961,957	989,046,657	210,670,600	6.086	3,854,355,541
2014	6,389,000	890,741,400	1,076,500	14,500	58,053,900	6,511,400	25,155,500	987,942,200	878,839	988,821,039	210,670,600	6.290	3,859,416,754

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.

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 <sup>a</sup>	General Obligation Debt		Borough of Fanwood	Union County	
		Service <sup>b</sup>	Total Direct			
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
2008	6.4576	0.2234	6.681	2.348	1.802	10.831
2009	6.9354	0.2286	7.164	2.450	1.913	11.527
2010	7.3379	0.2321	7.570	2.541	2.054	12.165
2011	7.2314	0.1776	7.409	2.616	2.151	12.176
2012	7.2664	0.1556	7.422	2.622	2.290	12.334
2013	7.4198	0.1632	7.583	2.683	2.406	12.672
2014	7.6748	0.1582	7.833	2.751	2.513	13.097

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 <sup>a</sup>	General Obligation Debt		Township of Scotch Plains	Union County	
		Service <sup>b</sup>	Total Direct			
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
2008	5.2581	0.1869	5.445	1.541	1.487	8.473
2009	5.4650	0.1840	5.649	1.463	1.520	8.632
2010	5.6733	0.1827	5.856	1.538	1.603	8.997
2011	5.7548	0.1592	5.914	1.585	1.707	9.206
2012	5.8664	0.1256	5.992	1.613	1.844	9.449
2013	5.9550	0.1310	6.086	1.629	1.940	9.655
2014	6.1530	0.1360	6.290	1.638	2.053	9.981

**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.

Source: Municipal Tax Collector and School Business Administrator.

Exhibit J-8

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

BOROUGH OF FANWOOD

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
HCRI NY-NJ Partners	\$ 2,464,900	1	1.08%			
Partners Profit Fanwood Group LLC	943,500	2	0.41%			
250 South Avenue, Urban Renewal	860,000	3	0.38%			
Fanwood Plaza Partners I	827,000	4	0.36%			
Fanwood Plaza Partners I	669,200	5	0.29%			
150 South Ave LLC - A&P	600,000	6	0.26%			
Individual Taxpayer #1	558,200	7	0.24%	\$ 600,000	3	0.27%
222 South Avenue LLC	523,600	8	0.23%			
Enchantment Properties LLC	500,000	9	0.22%			
Celtic Capital	475,000	10	0.21%			
CA Fanwood Holdings, Inc.				2,276,700	1	1.02%
Stormcrest				656,200	2	0.29%
Fanwood Plaza Partners				666,300	4	0.30%
Individual Taxpayer #2				558,200	5	0.25%
MJC @ South Ave., LLC				473,500	6	0.21%
Sun Tavern				479,500	7	0.21%
Seaboard Associates				477,500	8	0.21%
Fanwood Equities				383,500	9	0.17%
South Ave Fanwood, LLC				273,500	10	0.12%
<b>Total</b>	<b>\$ 8,421,400</b>		<b>3.68%</b>	<b>\$ 6,844,900</b>		<b>3.05%</b>

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lamberts Mill Village	\$ 8,400,000	1	0.85%	\$ 11,973,200	1	1.23%
Ashbrook Manor	7,500,000	2	0.76%	7,500,000	2	0.77%
NJ Golf Partners LLC	3,006,000	3	0.30%			
Riverside Village	2,900,000	4	0.29%	2,900,000	5	0.30%
Snuffy Pantagis	2,696,400	5	0.27%	4,650,000	4	0.48%
Automatic Associates	1,900,000	6	0.19%	1,100,000	10	0.11%
Dornbush	1,750,000	7	0.18%	2,300,000	6	0.24%
Ashbrook Realty LLC	1,400,000	8	0.14%			
VS Realty	1,243,200	9	0.13%			
Scotch Plains Gardens	1,200,000	10	0.12%	1,950,000	7	0.20%
Shackamaxon Country Club				5,462,200	3	0.56%
Public Storage, Inc.				1,430,000	8	0.15%
Ashbrook Manor Associates				1,406,400	9	0.14%
<b>Total</b>	<b>\$ 31,995,600</b>		<b>3.23%</b>	<b>\$ 40,671,800</b>		<b>4.18%</b>

Note - Individual taxpayers in 2014 and 2005 may be different.

Source: Municipal Tax Assessors.

Exhibit J-9

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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2009	15,112,019	15,112,019	100.00%	-0-
2010	16,347,049	16,347,049	100.00%	-0-
2011	17,340,244	17,340,244	100.00%	-0-
2012	16,932,647	16,932,647	100.00%	-0-
2013	16,956,163	16,956,163	100.00%	-0-
2014	17,312,563	17,312,563	100.00%	-0-
2015	17,887,677	17,887,677	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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2009	54,985,635	54,985,635	100.00%	-0-
2010	57,119,697	57,119,697	100.00%	-0-
2011	59,111,273	59,111,273	100.00%	-0-
2012	58,470,691	58,470,691	100.00%	-0-
2013	59,462,367	59,462,367	100.00%	-0-
2014	60,679,423	60,679,423	100.00%	-0-
2015	63,291,665	63,291,665	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 TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 21,088,450	\$ -0-	\$1,302,544	\$ -0-	\$ -0-	\$22,390,994	1.67%	\$ 749.16
2007	19,532,600	-0-	1,064,480	-0-	-0-	20,597,080	1.42%	690.60
2008	17,976,750	-0-	513,359	2,000,000	-0-	20,490,109	1.36%	686.92
2009	16,431,900	-0-	964,214	1,500,000	-0-	18,896,114	1.22%	632.21
2010	15,347,550	-0-	957,614	626,700	-0-	16,931,864	1.14%	561.07
2011	14,061,700	-0-	897,976	-0-	-0-	14,959,676	0.97%	484.21
2012	12,805,850	-0-	889,460	-0-	-0-	13,695,310	0.84%	441.40
2013	11,555,000	-0-	1,048,686	-0-	-0-	12,603,686	0.75%	402.19
2014	10,305,000	-0-	968,545	-0-	-0-	11,273,545	0.66%	357.29
2015	9,065,000	-0-	903,171	-0-	-0-	9,968,171	0.58%	314.03

**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.

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

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 21,088,450	\$ -0-	\$21,088,450	1.760%	\$ 705.58
2007	19,532,600	-0-	19,532,600	1.612%	654.91
2008	17,976,750	-0-	17,976,750	1.474%	602.66
2009	16,431,900	-0-	16,431,900	1.346%	549.76
2010	15,347,550	-0-	15,347,550	1.255%	508.57
2011	14,061,700	-0-	14,061,700	1.149%	455.14
2012	12,805,850	-0-	12,805,850	1.048%	412.73
2013	11,555,000	-0-	11,555,000	0.948%	368.72
2014	10,305,000	-0-	10,305,000	0.846%	326.59
2015	9,065,000	-0-	9,065,000	0.745%	285.57

**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.

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

Exhibit J-12

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fanwood	\$ 16,137,687	100.00%	\$ 16,137,687
Township of Scotch Plains	17,060,714	100.00%	17,060,714
Union County General Obligation Debt	570,015,152	7.69%	<u>43,856,700</u>
Subtotal, Overlapping Debt			77,055,101
Scotch Plains-Fanwood Regional School District Direct Debt			<u>9,065,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 86,120,101</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.

Exhibit J-13

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 164,427,090	\$ 184,600,382	\$ 203,299,156	\$ 215,485,944	\$ 217,924,045
Total Net Debt Applicable to Limit	21,088,450	19,532,600	19,976,750	17,931,900	15,974,250
Legal Debt Margin	<u>\$ 143,338,640</u>	<u>\$ 165,067,782</u>	<u>\$ 183,322,406</u>	<u>\$ 197,554,044</u>	<u>\$ 201,949,795</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.83%	10.58%	9.83%	8.32%	7.33%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 213,492,146	\$ 208,608,930	\$ 202,949,839	\$ 200,407,407	\$ 199,304,824
Total Net Debt Applicable to Limit	14,061,700	12,805,850	11,555,000	10,305,000	9,065,000
Legal Debt Margin	<u>\$ 199,430,446</u>	<u>\$ 195,803,080</u>	<u>\$ 191,394,839</u>	<u>\$ 190,102,407</u>	<u>\$ 190,239,824</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.59%	6.14%	5.69%	5.14%	4.55%

Legal Debt Margin Calculation for Fiscal Year 2015

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
2012	\$ 1,099,514,685	\$ 3,853,410,436	\$ 4,952,925,121
2013	1,089,294,033	3,853,684,477	4,942,978,510
2014	1,090,682,274	3,961,275,862	5,051,958,136
	<u>\$ 3,279,490,992</u>	<u>\$ 11,668,370,775</u>	<u>\$ 14,947,861,767</u>
Average Equalized Valuation of Taxable Property			<u>\$ 4,982,620,589</u>
Debt Limit (4% of Average Equalization Value) <sup>a</sup>			\$ 199,304,824
Net Bonded School Debt			<u>9,065,000</u>
Legal Debt Margin			<u>\$ 190,239,824</u>

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.

Exhibit J-14

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

BOROUGH OF FANWOOD

Year	Population <sup>a</sup>	Union County Per Capita Personal Income <sup>b</sup>	Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2005	7,101	\$ 44,792	\$ 318,067,992	2.8%
2006	7,066	48,743	344,418,038	2.9%
2007	7,078	50,683	358,734,274	2.6%
2008	7,072	51,645	365,233,440	3.4%
2009	7,124	49,285	351,106,340	6.0%
2010	7,334	49,897	365,944,598	6.1%
2011	7,371	52,297	385,481,187	6.1%
2012	7,482	53,638	401,319,516	6.1%
2013	7,526	54,382	409,278,932	6.5%
2014	7,657	54,382 *	416,402,974 *	4.3%

TOWNSHIP OF SCOTCH PLAINS

Year	Population <sup>a</sup>	Union County Per Capita Personal Income <sup>b</sup>	Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2005	22,787	\$ 44,792	\$ 1,020,675,304	2.6%
2006	22,759	48,743	1,109,341,937	2.7%
2007	22,751	50,683	1,153,088,933	2.5%
2008	22,817	51,645	1,178,383,965	3.2%
2009	23,054	49,285	1,136,216,390	5.6%
2010	23,561	49,897	1,175,623,217	5.7%
2011	23,656	52,297	1,237,137,832	5.7%
2012	23,856	53,638	1,279,588,128	5.7%
2013	24,027	54,382	1,306,636,314	5.3%
2014	24,086	54,382 *	1,309,844,852 *	4.8%

\* - Latest Union County per capita personal income data available (2013) 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 TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	362	367	374	371	401	407	382	381	386	382
Special Education	80	87	87	88	54	51	76	76	78	80
Support Services:										
Student & Instruction Related Services	102	104	109	101	128	127	97	97	98	104
General Administrative Services	3	3	3	3	3	3	3	3	3	3
School Administrative Services	59	61	62	69	63	60	60	55	56	59
Plant Operations and Maintenance	64	73	75	70	65	62	62	60	58	60
Pupil Transportation	6	7	6	6	6	6	6	6	7	6
Business and Other Support Services	37	37	34	32	29	25	25	25	27	25
Food Service	8	8	4	4	4	2	2	2	2	2
<b>Total</b>	<b><u>721</u></b>	<b><u>747</u></b>	<b><u>754</u></b>	<b><u>744</u></b>	<b><u>753</u></b>	<b><u>743</u></b>	<b><u>713</u></b>	<b><u>705</u></b>	<b><u>715</u></b>	<b><u>721</u></b>

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

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>e</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
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%
2009	5,502	78,764,651	14,316	-0.82%	459	16:1	14:1	16:1	5,398	5,179	1.22%	95.94%
2010	5,546	80,982,975	14,602	2.00%	455	18:1	15:1	16:1	5,439	5,228	0.76%	96.12%
2011	5,574	78,756,911	14,129	-3.24%	458	19:1	15:1	16:1	5,514	5,287	1.38%	95.88%
2012	5,583	79,876,572	14,307	1.26%	458	20:1	16:1	16:1	5,478	5,278	-0.65%	96.35%
2013	5,599	84,364,191	15,068	5.32%	457	20:1	15:1	16:1	5,475	5,258	-0.05%	96.04%
2014	5,575	83,971,878	15,062	-0.04%	464	20:1	14.9:1	16:1	5,463	5,230	-0.22%	95.73%
2015	5,548	85,580,777	15,426	2.41%	462	19:6	14.5:1	16:7	5,427	5,210	-0.66%	96.00%

**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).

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

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary Schools</u>										
Howard B. Brunner (1961)										
Square Feet	50,580	50,580	50,580	50,580	50,580	50,580	50,580	50,580	50,580	50,580
Capacity (students)	383	383	383	383	383	383	383	383	383	383
Enrollment	449	468	460	463	407	411	410	426	417	399
J. Ackerman Coles (1963)										
Square Feet	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850	50,850
Capacity (students)	440	440	440	440	440	440	440	440	440	440
Enrollment	548	545	528	519	552	539	517	500	496	456
Evergreen (1951)										
Square Feet	36,958	36,958	36,958	36,958	36,958	36,958	36,958	36,958	36,958	36,958
Capacity (students)	339	339	339	339	339	339	339	339	339	339
Enrollment	348	370	395	405	415	414	418	402	386	405
William J. McGinn (1973)										
Square Feet	47,182	47,182	47,182	47,182	47,182	47,182	47,182	47,182	47,182	47,182
Capacity (students)	389	389	389	389	389	389	389	389	389	389
Enrollment	474	474	475	474	494	481	485	485	481	482
School One (1972)										
Square Feet	44,328	44,328	44,328	44,328	44,328	44,328	44,328	44,328	44,328	44,328
Capacity (students)	337	337	337	337	337	337	337	337	337	337
Enrollment	371	390	388	389	392	375	379	376	380	396
<u>Middle Schools</u>										
Park (1922)										
Square Feet	114,483	114,483	114,483	114,483	114,483	114,483	117,633	117,633	117,633	117,633
Capacity (students)	795	795	795	795	795	795	895	895	895	895
Enrollment	744	745	794	823	875	924	927	932	937	932
Terrill (1964)										
Square Feet	94,179	94,179	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973
Capacity (students)	637	637	737	737	737	737	737	737	737	737
Enrollment	819	863	841	847	858	847	865	841	825	827

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

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>High School</u>										
Scotch Plains-Fanwood										
Square Feet	265,876	265,876	265,876	265,876	265,876	265,876	265,876	265,876	265,876	265,876
Capacity (students)	1,479	1,479	1,479	1,479	1,479	1,479	1,479	1,479	1,479	1,479
Enrollment	1,473	1,502	1,461	1,467	1,426	1,483	1,505	1,537	1,560	1,573
<u>Other</u>										
Administration Wing										
Square Feet	6,380	6,380	6,380	6,380	6,380	6,380	6,380	6,380	6,380	6,380
Maintenance Offices										
Square Feet	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Outbuilding										
Square Feet	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581

Number of Schools at June 30, 2015

- Elementary School = 5
- Middle School = 2
- High School = 1
- Other = 3

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count and does not include out of district placements.

Source: Scotch Plains-Fanwood Regional School District records.

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

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

School Facilities*	Project # (s)	Fiscal Year Ended June 30,									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Howard B. Brunner Elementary	N/A	\$ 76,189	\$ 74,405	\$ 69,235	\$ 75,664	\$ 77,393	\$ 90,271	\$ 68,977	\$ 79,216	\$ 179,825	\$ 162,404
J. Ackerman Coles Elementary	N/A	81,017	65,104	73,622	80,458	77,806	90,753	69,345	79,120	103,788	159,913
Evergreen Elementary	N/A	65,561	74,405	59,577	65,109	56,550	65,959	59,113	58,742	108,119	62,731
William J. McGinn Elementary	N/A	74,546	74,405	67,742	74,032	72,192	84,206	64,343	74,028	152,349	156,632
School One Elementary	N/A	69,599	55,804	63,247	69,119	67,826	79,113	60,451	69,976	91,344	296,505
Park Middle	N/A	171,208	120,908	155,581	170,027	175,171	204,320	175,088	193,468	342,075	417,937
Terrill Middle	N/A	140,957	139,509	128,091	139,984	149,909	174,854	137,747	163,245	227,646	535,643
Scotch Plains-Fanwood High	N/A	347,349	325,522	315,645	344,951	406,817	474,513	454,850	963,583	699,144	498,380
<b>Total School Facilities</b>		<b>\$ 1,026,426</b>	<b>\$ 930,062</b>	<b>\$ 932,740</b>	<b>\$ 1,019,344</b>	<b>\$ 1,083,664</b>	<b>\$ 1,263,989</b>	<b>\$ 1,089,914</b>	<b>\$ 1,681,378</b>	<b>\$ 1,904,290</b>	<b>\$ 2,290,145</b>

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).

Exhibit J-20  
1 of 2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company		
MULTI PERIL PACKAGE POLICY		
<b>Property</b>		
Property - Blanket Building and Contents -		
Replacement Cost Values	\$ 143,628,021	\$ 1,000
Extra Expense	1,000,000	1,000
Flood	10,000,000	1,000
Musical Instruments	Included in property limit	1,000
Miscellaneous Equipment	5,000,000	1,000
Computer Equipment	Included in property limit	1,000
Demolition/Increase Cost of Construction	Included in property limit	1,000
<b>Energy Systems</b>		
Spoilage	Included in property limit	
<b>Commercial Liability</b>		
Bodily Injury and Property Damage	Per occurrence 1,000,000	
	Aggregate 3,000,000	
Fire Damage	1,000,000	
Medical Expense Limit (excluding students)	10,000	
Employee Benefit Liability	Per occurrence and aggregate 1,000,000/2,000,000	
<b>Crime Coverage</b>		
Employee Dishonesty with Faithful Performance	400,000	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
<b>Business Automotive Coverage</b>		
Bodily Injury and Property Damage (each)	1,000,000	
Personal Injury Protection	Statutory	
Uninsured and Underinsured	1,000,000	
Comprehensive Deductible		500
Collision Deductible		1,000

Exhibit J-20  
2 of 2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

		<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company			
EXCESS UMBRELLA	Limit of liability	\$ 10,000,000	\$ 10,000
Fireman's Fund			
CAP	Limit of liability (group aggregate)	50,000,000	
Selective Insurance Company			
FLOOD			
Elementary School #1 -			
Building		500,000	5,000
Contents		500,000	5,000
AIG Insurance Company			
ENVIRONMENTAL IMPAIRMENT LIABILITY	Limit of liability (each loss)	1,000,000	10,000
Bollinger Insurance Company			
STUDENT ACCIDENT	Limit of liability	5,000,000	
Utica Insurance Company			
EDUCATION LEGAL LIABILITY		1,000,000/2,000,000	15,000
Selective Insurance Company			
PUBLIC OFFICIAL BONDS			
Treasurer		400,000	
Business Administrator/Board Secretary		400,000	
South Bergen Region VII Worker's Compensation Pool			
Worker's Compensation		Statutory	

Source: Scotch Plains-Fanwood Regional School District records.

**SINGLE AUDIT SECTION**



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotch Plains/Fanwood Regional Board of Education, in the County of Union (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Nisivoccia, LLP*

Mount Arlington, New Jersey  
November 16, 2015

NISIVOCCIA LLP

*Kathryn L. Mantell*

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Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

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

We have audited the Scotch Plains/Fanwood Regional Board of Education's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB's 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB's 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

*Nisivoccia, LLP*

Mount Arlington, New Jersey  
November 16, 2015

NISIVOCCIA LLP

*Kathryn L. Mantell*

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Licensed Public School Accountant #884  
Certified Public Accountant

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014		Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education - Passed-through												
State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-4670-15	7/1/14	6/30/15	\$ 1,287,470			\$ 1,253,009	\$ (1,287,470)	\$ (34,461)		
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-4670-14	7/1/13	6/30/14	1,226,600	\$ (76,143)		76,143				
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-15	7/1/14	6/30/15	53,566			53,434	(53,566)	(132)		
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-14	7/1/13	6/30/14	53,318	(5,934)		5,934				
Subtotal Special Education Cluster						(82,077)		1,388,520	(1,341,036)	(34,593)		
No Child Left Behind:												
Title I	84.010	NCLB-4670-15	7/1/14	6/30/15	129,918			123,901	(129,918)	(6,017)		
Title I	84.010	NCLB-4670-14	7/1/13	6/30/14	105,014	(43,757)		43,757				
Title II A	84.367A	NCLB-4670-15	7/1/14	6/30/15	126,436			35,136	(59,514)	(24,378)		
Title II A	84.367A	NCLB-4670-14	7/1/13	6/30/14	18,460	(1,875)		1,875				
Title III	84.365A	NCLB-4670-15	7/1/14	6/30/15	7,933				(2,786)	(2,786)		
Title III	84.365A	NCLB-4670-14	7/1/13	6/30/14	5,598	(5,598)		5,598				
Title III	84.365A	NCLB-4670-13	9/1/12	8/31/13	16,446	(1)		1				
Total U. S. Department of Education						(133,308)		1,598,788	(1,533,254)	(67,774)		
U.S. Department of Homeland Security:												
Passed-through Federal Emergency Management												
Agency:												
Special Revenue Fund:												
Disaster Grants - Public Assistance - FEMA	97.036	N/A	10/26/12	6/30/13	59,077			33,043	(33,043)			
Total U.S. Department of Homeland Security								33,043	(33,043)			
Total Special Revenue Fund						(133,308)		1,631,831	(1,566,297)	(67,774)		
U.S. Department of Health and Human Services -												
Passed-through State Department of Human												
Services:												
General Fund:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/14	6/30/15	20,909			20,909	(20,909)			
Medical Assistance Program (SEMI/ARRA)	93.778	N/A	10/1/08	12/31/10	7,676			7,676	(7,676)			
Medical Assistance Program (SEMI)	93.778	N/A	7/1/13	6/30/14	32,055			(1,618)		1,618		
Medical Assistance Program (SEMI)	93.778	N/A	7/1/12	6/30/13	2,831			2,831	(2,831)			
Medical Assistance Program (SEMI)	93.778	N/A	7/1/11	6/30/12	21,617			21,617	(21,617)			
Total U.S. Department of Health and Human Services								51,415	(51,415)			

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014			Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount			(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster:													
Special Milk Program	10.556	N/A	7/1/14	6/30/15	\$ 5,379			\$ 5,031	\$ (5,379)	\$ (348)			
Special Milk Program	10.556	N/A	7/1/13	6/30/14	4,898	\$ (339)		339					
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	191,575			179,472	(191,575)	(12,103)			
National School Lunch Program	10.555	N/A	7/1/13	6/30/14	200,758	(12,797)		12,797					
Federal Food Distribution Program	10.555	N/A	7/1/14	6/30/15	78,577			78,577	(78,577)				
Subtotal Child Nutrition Cluster						(13,136)		276,216	(275,531)	(12,451)			
Total U.S. Department of Agriculture						(13,136)		276,216	(275,531)	(12,451)			
TOTAL FEDERAL AWARDS						\$ (146,444)	\$ -0-	\$ -0-	\$ 1,959,462	\$ (1,893,243)	\$ (80,225)	\$ -0-	\$ -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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Prior Year Budgetary Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received				GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	\$ 204,541			\$ 186,104	\$ (204,541)							
Transportation Aid	14-495-034-5120-014	7/1/13	6/30/14	204,541	\$ (18,532)		18,532							\$ (18,437)	\$ 204,541
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	2,550,339			2,320,454	(2,550,339)						(229,885)	2,550,339
Special Education Categorical Aid	14-495-034-5120-089	7/1/13	6/30/14	2,550,339	(231,065)		231,065								
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	86,448			78,656	(86,448)						(7,792)	86,448
Security Aid	14-495-034-5120-084	7/1/13	6/30/14	86,448	(7,832)		7,832								
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	53,090			48,304	(53,090)						(4,786)	53,090
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	53,090			48,304	(53,090)						(4,786)	53,090
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14	6/30/15	1,038,451				(1,038,451)			\$ (1,038,451)			(1,038,451)	1,038,451
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13	6/30/14	944,613	(944,613)		944,613							(4,786)	944,613
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	42,804				(42,804)			(42,804)			(42,804)	42,804
Nonpublic School Transportation Costs	14-495-034-5120-014	7/1/13	6/30/14	41,631	(41,631)		41,631								
TPAF Social Security Aid	15-495-034-5095-002	7/1/14	6/30/15	2,443,154			2,322,503	(2,443,154)			(120,651)			(120,651)	2,443,154
TPAF Social Security Aid	14-495-034-5095-002	7/1/13	6/30/14	2,450,388	(121,303)		121,303							(120,651)	2,443,154
Total General Fund State Aid					(1,364,976)		6,369,301	(6,471,917)			(1,201,906)			(1,467,592)	6,471,917
Special Revenue Fund:															
NJ Nonpublic Aid:															
Technology Initiative	15-100-034-5120-373	7/1/14	6/30/15	34,336			34,336	(33,876)					\$ 460		33,876
Technology Initiative	14-100-034-5120-373	7/1/13	6/30/14	20,400		\$ 1,427				\$ (1,427)					
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	63,929			63,929	(63,714)					215		63,714
Textbook Aid (Chapter 194)	14-100-034-5120-064	7/1/13	6/30/14	55,948		260				(260)					
Nursing Services (Chapter 226)	15-100-034-5120-070	7/1/14	6/30/15	101,776			101,776	(97,799)					3,977		97,799
Nursing Services (Chapter 226)	14-100-034-5120-070	7/1/13	6/30/14	78,745		6,442				(6,442)					
Auxiliary Services (Chapter 192):															
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	94,059			94,059	(49,648)					44,411		49,648
English as a Second Language	15-100-034-5120-067	7/1/14	6/30/15	914			914	(786)					128		786
English as a Second Language	14-100-034-5120-067	7/1/13	6/30/14	9,602		7,856				(7,856)					
Transportation	15-100-034-5120-068	7/1/14	6/30/15	15,170			15,170	(13,653)					1,517		13,653
Home Instruction	15-100-034-5120-067	7/1/14	6/30/15	23,328				(23,328)			(23,328)			(23,328)	23,328
Home Instruction	14-100-034-5120-067	7/1/13	6/30/14	8,178	(8,178)		8,178								
Handicapped Services (Chapter 193):															
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	124,689			124,689	(104,070)					20,619		104,070
Examination and Classification	15-100-034-5120-066	7/1/14	6/30/15	140,123			140,123	(140,123)							140,123
Examination and Classification	14-100-034-5120-066	7/1/13	6/30/14	152,211		958				(958)					
Corrective Speech	15-100-034-5120-066	7/1/14	6/30/15	26,505			26,505	(21,292)					5,213		21,292
Corrective Speech	14-100-034-5120-066	7/1/13	6/30/14	24,998		1,562				(1,562)					
Preschool Education Aid	15-495-034-5120-086	7/1/14	6/30/15	49,500			44,550	(49,500)						(4,950)	49,500
Preschool Education Aid	14-495-034-5120-086	7/1/13	6/30/14	49,500	(4,950)		4,950								
Total Special Revenue Fund					(13,128)	18,505	659,179	(597,789)		(18,505)	(23,328)		76,540	(28,278)	597,789
Enterprise Fund:															
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	12,102			11,335	(12,102)			(767)			(767)	12,102
State School Lunch Program	14-100-010-3350-023	7/1/13	6/30/14	13,028	(849)		849								
State School Lunch Program - Supplemental	15-100-010-3350-023	7/1/14	6/30/15	376				(376)			(376)			(376)	376
State School Lunch Program - Supplemental	14-100-010-3350-023	7/1/13	6/30/14	789	(789)		789								
Total Enterprise Fund					(1,638)		12,973	(12,478)			(1,143)			(1,143)	12,478

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Prior Year Budgetary Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Budgetary Expenditures	GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction & Financing Act:															
Security Alarm System:															
Park Middle School	4670-060-14-1007	7/11/14	6/30/16	\$ 38,100										\$ (38,100)	
Terrill Middle School	4670-065-14-1008	7/11/14	6/30/16	36,336										(36,336)	
School One Elementary School	4670-070-14-1015	7/11/14	6/30/16	12,058										(12,058)	
Brunner Elementary School	4670-080-14-1016	7/11/14	6/30/16	12,084										(12,084)	
Coles Elementary School	4670-085-14-1017	7/11/14	6/30/16	12,084										(12,084)	
Window Replacement:															
Coles Elementary School	4670-085-14-1018	7/11/14	6/30/16	215,552										(215,552)	
Evergreen Elementary School	4670-090-14-1019	7/11/14	6/30/16	260,374										(260,374)	
High School - HVAC Replacement	4670-050-14-1001	5/16/14	6/30/16	557,663	\$ (557,663)		\$ 366,752	(366,752)						(190,911)	\$ 366,752
Park Middle School - Waterproof Project	4670-060-14-1005	5/16/14	6/30/16	120,120	(120,120)									(120,120)	
McGinn Elementary School - HVAC Upgrades	4670-105-14-1021	5/16/14	6/30/16	43,182	(43,182)			(42,851)	\$ 331		\$ (42,851)			(42,851)	42,851
Roof Replacement:															
Terrill Middle School	4670-065-14-1010	5/16/14	6/30/16	350,231	(350,231)		275,176	(275,176)						(75,055)	275,176
Evergreen Elementary School	4670-090-14-1020	5/16/14	6/30/16	336,274	(336,274)		134,509	(134,509)						(201,765)	134,509
Fire Alarm Replacement:															
High School	4670-050-14-1002	5/16/14	6/30/16	93,733	(93,733)									(93,733)	
Terrill Middle School	4670-065-14-1011	5/16/14	6/30/16	72,104	(72,104)									(72,104)	
Total Capital Projects Fund					(1,573,307)		776,437	(819,288)	331		(42,851)			(1,383,127)	819,288
TOTAL STATE AWARDS					\$ (2,953,049)	\$ 18,505	\$ 7,817,890	\$ (7,901,472)	\$ 331	\$ (18,505)	\$ (1,269,228)	\$ -0-	\$ 76,540	\$ (2,880,140)	\$ 7,901,472

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include federal and state awards activity of the Board of Education, Scotch Plains-Fanwood Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, if applicable, 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. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also does not recognize the June state aid payments in the current year. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,257) for the general fund, \$7,229 for the special revenue fund (of which \$417 is attributable to local grants and are not included the schedules of expenditures of state and federal awards). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Post-Retirement Medical Benefits and Pension Contributions revenue of \$2,841,276 and \$1,789,780, 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	\$ 51,415	\$ 11,094,716	\$11,146,131
Special Revenue Fund	1,573,109	597,789	2,170,898
Capital Projects Fund		819,288	819,288
Food Service Enterprise Fund	275,531	12,478	288,009
Total Financial Assistance	<u>\$ 1,900,055</u>	<u>\$ 12,524,271</u>	<u>\$14,424,326</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

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, 2015. 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 (SDA) GRANTS

The District has active grants awarded in the amount of \$2,159,895 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, \$819,288 has been expended and submitted for reimbursement and \$776,437 has been drawn down and received. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal or state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District's federal and state programs tested as major for the current fiscal year were 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	84.027	7/1/14-6/30/15	\$ 1,287,470	\$ 1,287,470
Preschool	84.173	7/1/14-6/30/15	53,566	53,566
<u>State:</u>				
Special Education				
Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	2,550,339	2,550,339
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	86,448	86,448
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	53,090	53,090
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	53,090	53,090
Educational Facilities				
Construction & Financing:				
High School	4670-050-14-1001	5/16/14-6/30/16	557,663	366,752
McGinn Elementary	4670-105-14-1021	5/16/14-6/30/16	43,182	42,851
Terrill Middle	4670-065-14-1010	5/16/14-6/30/16	350,231	275,176
Evergreen Elementary	4670-090-14-1020	5/16/14-6/30/16	336,274	134,509

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 was \$500,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs under the provisions of section 530 of the federal 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's OMB Circulars 04-04 and 15-08.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.