

**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, 2016**

**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, 2016

Prepared by

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

Finance Department

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INTRODUCTORY SECTION

The Scotch Plains-Fanwood Public Schools

Evergreen Avenue and Cedar Street
SCOTCH PLAINS, NEW JERSEY 07076

September 19, 2016

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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are 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
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 Scotch Plains-Fanwood Regional School District
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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. The District completed the 2015-2016 school year with an average daily enrollment of 5,435 students, compared to 5,427 students as of June 30, 2015. 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 test. In the area of PARCC results, the high school, elementary and middle schools consistently scored above the state average.

Technology

The Elementary grades received Chromebooks along with secure storage and charging containers for them. Grades 1 and 2 received five Chromebooks per class and grades 3 – 5 received ten per class. The Elementary special education writing classes also received Chromebooks. Each special education inclusion Language Arts class in the high school received a cart of 25 Chromebooks. Scheduled faculty received new laptop computers. Each elementary school received 25 MacBook Air laptops to replace their oldest mobile lab set of Apple computers. The high school wireless network was updated with Meraki Access Points for denser coverage throughout the building and improved wireless management through the Meraki cloud-based management interface. Cisco Smartnet coverage was purchased for the core network switch, firewall, and router. Uninterruptible Power Supplies were purchased for each network closet in the school district.

Mathematics

During the 2015-2016 school year, the mathematics department professional development activities focused on the differentiation of instruction and questioning. Elementary school teachers examined the District Evidence Statement Analysis in order to track student results and target areas for growth. At the middle school level, the teachers in grades 6-8 received more training on the *Connected Mathematics 3* program, which was newly adopted in grade 6. The high school teachers examined the Calculus and Functions, Statistics, & Trigonometry courses to determine if those courses were meeting college readiness needs. Consequently, the teachers conducted an audit of the curriculum and modified it as needed.

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Language Arts

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2015-2016 school year. These resources included some of the following titles: *The Picture of Dorian Gray*, *A Raisin in the Sun*, and *Animal Farm*. We also continued to purchase teacher texts to support continued professional development in reading and writing instruction. Titles such as *Book Love*, *Write Beside Them*, *The Reading Strategies Book*, and *Write Like This* 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, several texts were purchased to increase diversity in our Language Arts curriculum, such as *Inside Out and Back Again* and *Esperanza Rising* to help us achieve these goals. Copies of *Into the Wild* were purchased to increase non-fiction in the high school curriculum. Funds at the elementary level continued to support the purchase of our 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 New Jersey Student Learning Standards.

Social Studies

The Social Studies Department budget allocations in 2015-2016 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. Leveled texts were purchased for various grade levels to enable all students to access important content regardless of reading levels. At the middle school level, materials were purchased to support a diverse range of learners, such as leveled non-fiction texts. At the high school level, a variety of texts, both fiction and non-fiction, were purchased to enhance learning experiences. 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 2015-2016 school year, the continued focus of the department is to provide and support learning environments that promote hands-on as well as minds-on, inquiry-based, problem-solving 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 and problem-solving 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 and the Google Apps Suite 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
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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. Purchases for all languages included a variety of manipulatives, audio resources, cultural DVDs, online interactive resources and authentic literary and cultural resources such as Scholastic and other authentic language magazines for middle and high school level courses. At the high school level in particular, we purchased instructional materials and resources that supported our AP courses and the continued growth of our Mandarin program. We also provided opportunities for many teachers to attend professional development workshops on effective instructional strategies and authentic assessments.

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 professional development, transportation, supplies, field trips, sheet music, increases to uniform and instrument inventories, marching band props, instrumental and equipment refurbishing.

Professional Development

In 2015-2016 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 three-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 continued to meet identifying professional development needs and creating a teacher coaching program as a professional development option for all staff.

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
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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.

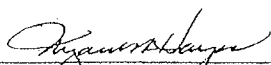
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2016.

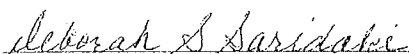
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 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 required 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.

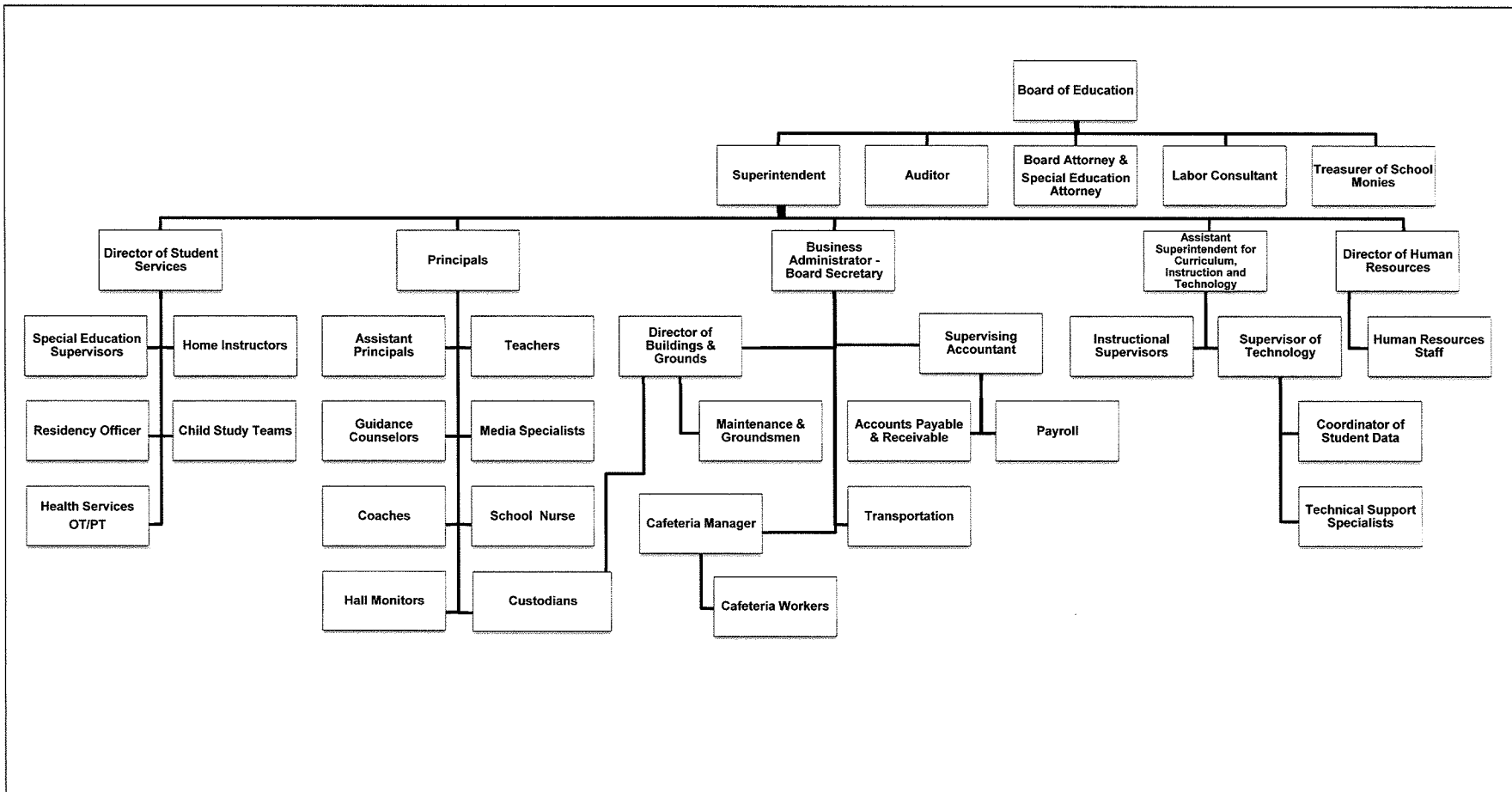
8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Scotch Plains-Fanwood Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to 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
2015 - 2016



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy Bauer, President	2016
Jeanne Cleary, Vice President	2017
Debora Brody	2016
Dr. Cynthia Clancy	2016
Karen Kulikowski	2018
Evan Murray	2017
Charlotte Schirmer	2016
Tonya Williams	2018
Amy Winkler	2016

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

Attorneys

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Counselor at Law
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Schwartz, Simon, Edelstein & Celso LLC
100 South Jefferson Road, Suite 200
Whippany, NJ 07981

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, 2016, 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
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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, 2016, 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.

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 post-retirement benefits schedule of funding progress, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 Honorable President and Members
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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 September 19, 2016 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
September 19, 2016

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, 2016
(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, 2016. 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 \$5,700,528 on a District-wide basis and \$115,572 on a governmental fund basis.
- Overall revenue was \$111,569,658 on a District-wide basis.
- Overall expenditures were \$105,869,130 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, 2016
(UNAUDITED)**

Figure A-1

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

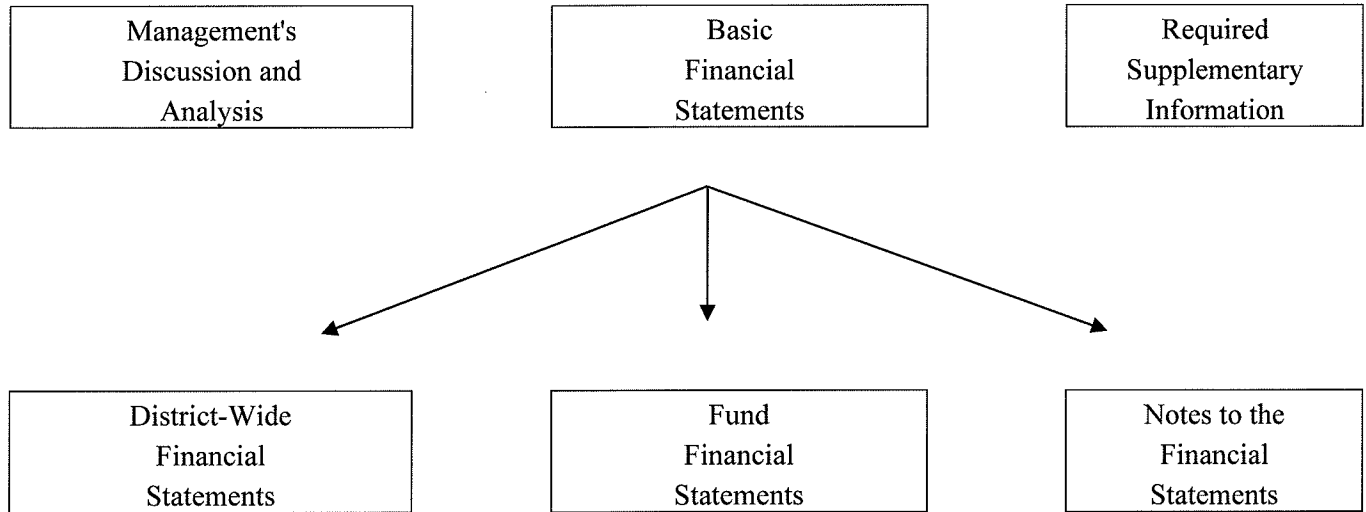


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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, 2016
(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, 2016
(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 \$25,468,389 on June 30, 2016, \$5,700,528 or 28.84% more than the year before (See Figure A-3). Net investment in capital assets increased by \$6,575,040 due to bonded debt maturities of \$1,225,000, \$637,947 of capital leases retired, and \$6,804,786 of capital additions, offset by \$647,000 in new capital leases, \$76,652 of deferred amount on refunding amortized, depreciation of \$1,291,349 and \$31,468 related to governmental and business-type capital assets, respectively, and capital asset disposals, net of depreciation, of \$46,224. Restricted net position decreased by \$173,696 due to a net decrease in the capital reserve account of \$177,062, offset by an increase in the maintenance reserve account of \$3,366. Unrestricted net position decreased by \$700,816 mainly due to a shortfall in federal revenues, the change in net pension liability and increases in compensated absences payable and the liability for the other post-retirement benefits payable, offset by an excess in local and state revenues, unexpended budget appropriations, decreases in accrued interest payable and unamortized bond issuance premiums, and, with regard to pensions, changes in assumptions and proportions, the difference between expected and actual experience, and investment gains.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change
Current and							
Other Assets	\$ 22,108,382	\$ 21,442,638	\$ 627,578	\$ 554,890	\$ 22,735,960	\$ 21,997,528	3.36%
Capital Assets, Net	38,712,918	33,355,301	418,966	340,838	39,131,884	33,696,139	16.13%
Total Assets	60,821,300	54,797,939	1,046,544	895,728	61,867,844	55,693,667	11.09%
Deferred Outflows of Resources	6,291,995	1,776,593			6,291,995	1,776,593	254.16%
Other Liabilities	3,031,955	1,415,941	83,025	65,214	3,114,980	1,481,155	110.31%
Long-Term Liabilities	39,142,252	34,930,534			39,142,252	34,930,534	12.06%
Total Liabilities	42,174,207	36,346,475	83,025	65,214	42,257,232	36,411,689	16.05%
Deferred Inflows of Resources	434,218	1,290,710			434,218	1,290,710	-66.36%
Net Position:							
Net Investment in							
Capital Assets	30,497,258	24,000,346	418,966	340,838	30,916,224	24,341,184	27.01%
Restricted	12,917,942	13,091,638			12,917,942	13,091,638	-1.33%
Unrestricted (Deficit)	(18,910,330)	(18,154,637)	544,553	489,676	(18,365,777)	(17,664,961)	-3.97%
Total Net Position	\$ 24,504,870	\$ 18,937,347	\$ 963,519	\$ 830,514	\$ 25,468,389	\$ 19,767,861	28.84%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Changes in Net Position. The District's combined net position increased by \$5,700,528 or 28.84%. Net position from governmental activities increased by \$5,567,523 and net position from business-type activities increased by \$133,005 (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 241,240	\$ 242,028	\$ 1,415,463	\$ 1,243,974	\$ 1,656,703	\$ 1,486,002	11.49%
Grants and Contributions:							
Operating	24,893,790	21,162,898	303,524	288,009	25,197,314	21,450,907	17.47%
Capital	584,459	819,288			584,459	819,288	-28.66%
General Revenue:							
Property Taxes	83,512,033	81,179,342			83,512,033	81,179,342	2.87%
Unrestricted State/ Federal Aid	211,565	234,511			211,565	234,511	-9.78%
Other	406,744	354,774	840	554	407,584	355,328	14.71%
Total Revenue	<u>109,849,831</u>	<u>103,992,841</u>	<u>1,719,827</u>	<u>1,532,537</u>	<u>111,569,658</u>	<u>105,525,378</u>	5.73%
Expenses:							
Instruction	58,191,729	53,660,350			58,191,729	53,660,350	8.44%
Pupil and Instruction Services	21,306,398	19,335,324			21,306,398	19,335,324	10.19%
Administration and Business	7,853,394	7,362,660			7,853,394	7,362,660	6.67%
Maintenance and Operations	12,109,564	11,168,268			12,109,564	11,168,268	8.43%
Transportation	3,357,758	3,250,503			3,357,758	3,250,503	3.30%
Other	1,463,465	1,437,951	1,581,286	1,474,534	3,044,751	2,912,485	4.54%
Total Expenses	<u>104,282,308</u>	<u>96,215,056</u>	<u>1,581,286</u>	<u>1,474,534</u>	<u>105,863,594</u>	<u>97,689,590</u>	8.37%
Disposal of Capital Assets, Net of Depreciation			(5,536)		(5,536)		100.00%
Increase in Net Position	<u>\$ 5,567,523</u>	<u>\$ 7,777,785</u>	<u>\$ 133,005</u>	<u>\$ 58,003</u>	<u>\$ 5,700,528</u>	<u>\$ 7,835,788</u>	-27.25%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Revenue Sources. The District's total revenue for the 2015/2016 school year was \$111,569,658 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$83,512,033 of the total or 74.85 percent (See Figure A-5). The remaining 25.15 percent of revenue is comprised of 23.16 percent from state formula aid and federal and state categorical grants, 1.49 percent from charges for services and .50 percent from other miscellaneous sources. It is important to note that, included in the \$22,892,009 federal and state categorical grants revenue is over \$15.905 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 2016**

Sources of Income:	Amount	Percentage
State Formula Aid	\$ 2,948,753	2.64%
Property Taxes	83,512,033	74.85%
Federal and State Categorical Grants	22,892,009	20.52%
Charges for Services	1,656,703	1.49%
Other	560,160	0.50%
	<u>\$ 111,569,658</u>	<u>100.00%</u>

The total cost of all programs and services was \$105,863,594. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (78.27 percent) (See Figure A-6). Maintenance and operations and administration and business represented 11.44% and 7.42%, respectively, of total costs.

**Figure A-6
Expenses for Fiscal Year 2016**

Expense Category:	Amount	Percentage
Instruction	\$ 58,191,729	54.97%
Pupil and Instruction Services	21,306,398	20.13%
Administration and Business	7,853,394	7.42%
Maintenance and Operations	12,109,564	11.44%
Transportation	3,357,758	3.17%
Other	3,044,751	2.88%
	<u>\$ 105,863,594</u>	<u>100.00%</u>

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 58,191,729	\$ 53,660,350	\$40,538,573	\$38,539,338
Pupil and Instruction Services	21,306,398	19,335,324	17,332,553	16,067,289
Administration and Business	7,853,394	7,362,660	6,254,884	6,037,242
Maintenance and Operations	12,109,564	11,168,268	10,051,542	9,060,874
Transportation	3,357,758	3,250,503	2,921,802	2,848,148
Other	1,463,465	1,437,951	1,463,465	1,437,951
	<u>\$ 104,282,308</u>	<u>\$ 96,215,056</u>	<u>\$ 78,562,819</u>	<u>\$ 73,990,842</u>

- The cost of all governmental activities this year was \$104.282 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$22.588 million).
- Most of the District's costs, however, were financed by District taxpayers (\$83.512 million).
- A portion of governmental activities was financed with state aid based on the SFRA formula (\$2.949 million).
- The remainder of funding came from charges for services, investment earnings and miscellaneous revenues (\$.559 million).

Business-Type Activities

The net position of the District's business-type activities increased by \$133,005 (\$123,321 in the Food Service Fund and \$9,684 in the Summer Community Education Fund) due to a net overall increase in revenue exceeding the net overall increase 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, 2016
(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 markedly 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 Assets

The District's capital assets increased by \$5,435,745, or 16.13%, from the previous year. This increase is attributable to the District's investment of \$6,804,786 in capital assets (\$6,689,654 and \$115,132 associated with governmental and business-type activities, respectively), offset by \$1,291,349 and \$31,468 of depreciation related to governmental and business-type capital assets, respectively and capital asset disposals, net of depreciation, of \$46,224. (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
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Sites (Land)	\$ 449,315	\$ 449,315			\$ 449,315	\$ 449,315	0.00%
Construction in Progress	4,933,368	3,116,083			4,933,368	3,116,083	58.32%
Buildings and Building Improvements	31,648,254	27,892,905			31,648,254	27,892,905	13.46%
Machinery and Equipment	1,681,981	1,896,998	\$ 418,966	\$ 340,838	2,100,947	2,237,836	-6.12%
Total Capital Assets, Net of Depreciation	\$ 38,712,918	\$ 33,355,301	\$ 418,966	\$ 340,838	\$ 39,131,884	\$ 33,696,139	16.13%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Long-term Liabilities

The District's long-term liabilities increased by \$4,211,718, or 12.06%, from the previous year. At year-end, the District had \$7,840,000 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 Liabilities

	Total School District		Percentage Change
	2015/16	2014/15	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 7,840,000	\$ 9,065,000	-13.51%
Net Pension Liability	27,006,836	21,658,182	24.70%
Other Long-Term Liabilities	4,295,416	4,207,352	2.09%
	<u>\$ 39,142,252</u>	<u>\$ 34,930,534</u>	<u>12.06%</u>

- Principal payments of \$1,225,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability increased by \$5,348,654.
- The District's other post-employment benefits liability increased by \$133,823.
- Unamortized bond issuance premiums decreased by \$77,797.
- The District's other long-term liabilities as of June 30, 2016 are comprised of unamortised bond issuance premiums and payables for compensated absences, capital leases and other post-employment benefits.

For the Future

The Scotch Plains-Fanwood School district is in sound financial condition. A significant accomplishment this year was classroom additions to two elementary schools without requiring a bond referendum, allowing sufficient space to launch full-day kindergarten in 2016-2017. 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, levels of 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, 2016
(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>
2015-16	2016	\$ -0-	\$ 10,041,170	\$ 10,041,170	0.00%	\$ 46,834,134	21.44%
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%

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,186,031	\$ 668,642	\$ 8,854,673
Internal Balances	63,062	(63,062)	
Receivables from Other Governments	1,613,960	16,455	1,630,415
Other Receivables	88,743		88,743
Inventory		5,543	5,543
Prepaid Expenses	1,238,644		1,238,644
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	8,537,933		8,537,933
Maintenance Reserve Account	2,380,009		2,380,009
Capital Assets, Net:			
Sites (Land) and Construction in Progress	5,382,683		5,382,683
Depreciable Buildings and Building Improvements and Machinery and Equipment	33,330,235	418,966	33,749,201
Total Assets	<u>60,821,300</u>	<u>1,046,544</u>	<u>61,867,844</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	536,564		536,564
Changes in Assumptions - Pensions	2,900,318		2,900,318
Changes in Proportion - Pensions	1,129,103		1,129,103
Difference Between Expected and Actual Experience - Pensions	644,288		644,288
District Contribution Subsequent to the Measurement Date - Pensions	1,081,722		1,081,722
Total Deferred Outflows of Resources	<u>6,291,995</u>		<u>6,291,995</u>
LIABILITIES			
Payable to State Government	80,346		80,346
Accounts Payable	2,682,030	39,694	2,721,724
Accrued Interest Payable	165,918		165,918
Deposits Payable	7,432		7,432
Unearned Revenue	96,229	43,331	139,560
Noncurrent Liabilities:			
Due Within One Year	1,732,839		1,732,839
Due Beyond One Year	37,409,413		37,409,413
Total Liabilities	<u>42,174,207</u>	<u>83,025</u>	<u>42,257,232</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	434,218		434,218
Total Deferred Inflows of Resources	<u>434,218</u>		<u>434,218</u>
NET POSITION			
Net Investment in Capital Assets	30,497,258	418,966	30,916,224
Restricted for:			
Capital Projects	8,537,933		8,537,933
Maintenance	2,380,009		2,380,009
Excess Surplus	2,000,000		2,000,000
Unrestricted (Deficit)	(18,910,330)	544,553	(18,365,777)
Total Net Position	<u>\$ 24,504,870</u>	<u>\$ 963,519</u>	<u>\$ 25,468,389</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, 2016

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
Governmental Activities:							
Instruction:							
Regular	\$ 43,692,898	\$ 241,240	\$ 9,503,668		\$ (33,947,990)		\$ (33,947,990)
Special Education	10,934,944		7,156,306		(3,778,638)		(3,778,638)
Other Special Instruction	1,563,583		357,191		(1,206,392)		(1,206,392)
School Sponsored/Other Instruction	2,000,304		394,751		(1,605,553)		(1,605,553)
Support Services:							
Tuition	5,831,628				(5,831,628)		(5,831,628)
Student & Instruction Related Services	15,474,770		3,973,845		(11,500,925)		(11,500,925)
General Administrative Services	997,976		130,518		(867,458)		(867,458)
School Administrative Services	4,738,566		1,061,611		(3,676,955)		(3,676,955)
Central Services	1,554,422		317,317		(1,237,105)		(1,237,105)
Administrative Information Technology	562,430		89,064		(473,366)		(473,366)
Plant Operations and Maintenance	12,109,564		1,473,563	\$ 584,459	(10,051,542)		(10,051,542)
Pupil Transportation	3,357,758		435,956		(2,921,802)		(2,921,802)
Transfer of Funds to Charter Schools	13,382				(13,382)		(13,382)
Interest on Long-Term Debt	350,352				(350,352)		(350,352)
Unallocated Depreciation	1,099,731				(1,099,731)		(1,099,731)
Total Governmental Activities	104,282,308	241,240	24,893,790	584,459	(78,562,819)		(78,562,819)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 1,531,493	\$ 1,356,111	\$ 303,524		\$ 128,142	\$ 128,142	
Summer Community Education	49,793	59,352			9,559	9,559	
Total Business-Type Activities	1,581,286	1,415,463	303,524		137,701	137,701	
Total Primary Government	\$ 105,863,594	\$ 1,656,703	\$ 25,197,314	\$ 584,459	\$ (78,562,819)	137,701	(78,425,118)
General Revenues and Other Items:							
Taxes:							
					81,930,358		81,930,358
					1,581,675		1,581,675
					211,565		211,565
					37,390	840	38,230
					369,354		369,354
Other Item:							
						(5,536)	(5,536)
					84,130,342	(4,696)	84,125,646
					5,567,523	133,005	5,700,528
					18,937,347	830,514	19,767,861
					\$ 24,504,870	\$ 963,519	\$ 25,468,389

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,836,798	\$ 118,830	\$ 3,230,403	\$ 8,186,031
Interfunds Receivable	63,062			63,062
Receivables from Other Governments	1,488,314	53,056	72,590	1,613,960
Other Receivables		88,743		88,743
Prepaid Expenses	1,238,644			1,238,644
Restricted Cash and Cash Equivalents	10,917,942			10,917,942
Total Assets	\$ 18,544,760	\$ 260,629	\$ 3,302,993	\$ 22,108,382
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payable to State Government		\$ 80,346		\$ 80,346
Accounts Payable	\$ 1,496,142	89,004	\$ 15,162	1,600,308
Deposits Payable	7,432			7,432
Unearned Revenue		96,229		96,229
Total Liabilities	1,503,574	265,579	15,162	1,784,315
Fund Balances:				
Restricted:				
Capital Reserve Account	8,537,933			8,537,933
Maintenance Reserve Account	2,380,009			2,380,009
Excess Surplus - Designated for Subsequent Year's Expenditures	1,000,000			1,000,000
Excess Surplus	1,000,000			1,000,000
Committed			3,287,831	3,287,831
Assigned:				
Encumbrances	1,551,629			1,551,629
Unassigned/(Deficit)	2,571,615	(4,950)		2,566,665
Total Fund Balances/(Deficit)	17,041,186	(4,950)	3,287,831	20,324,067
Total Liabilities and Fund Balances	\$ 18,544,760	\$ 260,629	\$ 3,302,993	\$ 22,108,382

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

Total Fund Balances (from Above)	\$ 20,324,067
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$61,317,633 and the accumulated depreciation is \$22,604,715.	38,712,918
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(27,006,836)
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:	
Changes in Assumptions - Pensions	2,900,318
Changes in Proportions - Pensions	1,129,103
Difference Between Expected and Actual Experience - Pensions	644,288
Investment Gains - Pensions	(434,218)
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.	(11,590,837)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(165,918)
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$1,089,161 and the accumulated amortization is \$544,582.	(544,579)
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure. The Deferred Amount on Refunding is \$1,073,130 and the accumulated amortization is \$536,566.	536,564
Net Position of Governmental Activities	\$ 24,504,870

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 81,930,358			\$ 1,581,675	\$ 83,512,033
Transportation Fees from Individuals	26,781				26,781
Interest Earned on:					
Capital Reserve Funds	6,536				6,536
Maintenance Reserve Funds	3,366				3,366
Miscellaneous Revenues	396,842	\$ 393,816			790,658
Total - Local Sources	82,363,883	393,816		1,581,675	84,339,374
State Sources	12,506,464	678,827	\$ 584,459		13,769,750
Federal Sources	18,855	1,574,498			1,593,353
Total Revenues	94,889,202	2,647,141	584,459	1,581,675	99,702,477
EXPENDITURES					
Current:					
Regular Instruction	25,491,251	588,708			26,079,959
Special Education Instruction	5,806,926	997,579			6,804,505
Other Special Instruction	911,160				911,160
School Sponsored/Other Instruction	1,290,430				1,290,430
Support Services and Undistributed Costs:					
Tuition	5,831,628				5,831,628
Student & Instruction Related Services	9,345,644	1,165,302			10,510,946
General Administrative Services	768,763				768,763
School Administrative Services	2,766,264				2,766,264
Central Services	955,902				955,902
Administration Information Technology	392,072				392,072
Plant Operations and Maintenance	7,129,027				7,129,027
Pupil Transportation	3,057,735				3,057,735
Allocated Benefits	1,173,506				1,173,506
Unallocated Benefits	22,002,712				22,002,712
Transfer of Funds to Charter Schools	13,382				13,382
Capital Outlay	4,918,607		4,045,632		8,964,239
Debt Service:					
Principal				1,225,000	1,225,000
Interest and Other Charges				356,675	356,675
Total Expenditures	91,855,009	2,751,589	4,045,632	1,581,675	100,233,905
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	3,034,193	(104,448)	(3,461,173)		(531,428)
OTHER FINANCING SOURCES/(USES)					
Capital Leases (non-budgeted)	647,000				647,000
Transfers In	378,846	104,448	5,217,925		5,701,219
Transfers Out	(5,322,373)		(378,846)		(5,701,219)
Total Other Financing Sources/(Uses)	(4,296,527)	104,448	4,839,079		647,000
Net Change in Fund Balances	(1,262,334)		1,377,906		115,572
Fund Balance/(Deficit) - July 1	18,303,520	(4,950)	1,909,925		20,208,495
Fund Balance/(Deficit) - June 30	\$ 17,041,186	\$ (4,950)	\$ 3,287,831	\$ -0-	\$ 20,324,067

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, 2016

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 115,572
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 and disposals, net of accumulated depreciation, differs from capital outlays in the period.		
	Depreciation expense	\$ (1,291,349)
	Capital outlays	6,689,654
	Disposal of capital assets, net of accumulated depreciation	<u>(40,688)</u> 5,357,617
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.		(647,000)
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.		637,947
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.		1,225,000
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 (+).		15,880
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		(5,348,654)
Deferred Outflows:		
Changes in Assumptions		2,219,268
Changes in Proportion		646,776
Difference Between Expected and Actual Experience		644,288
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		856,492
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 (+).		(156,808)
The governmental funds report the effect of bond issuance 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 the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)		<u>(76,652)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 5,567,523</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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Food Service</u>	<u>Non-Major Fund</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 541,761	\$ 126,881	\$ 668,642
Accounts Receivable:			
Other Governments:			
Federal	15,476		15,476
State	979		979
Inventories	5,543		5,543
Total Current Assets	<u>563,759</u>	<u>126,881</u>	<u>690,640</u>
Non-Current Assets:			
Capital Assets	632,948		632,948
Less: Accumulated Depreciation	<u>(213,982)</u>		<u>(213,982)</u>
Total Non-Current Assets	<u>418,966</u>	<u>-0-</u>	<u>418,966</u>
Total Assets	<u>982,725</u>	<u>126,881</u>	<u>1,109,606</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors	39,694		39,694
Interfund Payable - General Fund	62,612	450	63,062
Unearned Revenue:			
Prepaid Sales	<u>43,331</u>		<u>43,331</u>
Total Current Liabilities	<u>145,637</u>	<u>450</u>	<u>146,087</u>
Total Liabilities	<u>145,637</u>	<u>450</u>	<u>146,087</u>
NET POSITION:			
Investment in Capital Assets	418,966		418,966
Unrestricted	<u>418,122</u>	<u>126,431</u>	<u>544,553</u>
Total Net Position	<u>\$ 837,088</u>	<u>\$ 126,431</u>	<u>\$ 963,519</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, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Food Service		
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Reimbursable Programs	\$ 499,927		\$ 499,927
Non-Reimbursable Programs	847,078		847,078
Total Daily Sales	1,347,005		1,347,005
Special Events	9,106		9,106
Program Fees		\$ 59,352	59,352
Total Operating Revenue	1,356,111	59,352	1,415,463
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	457,837		457,837
Non-Reimbursable Programs	216,975		216,975
Total Cost of Sales	674,812		674,812
Salaries	499,482	46,862	546,344
Payroll Taxes	72,512		72,512
Employee Benefits	43,310		43,310
Purchased Property Services	19,815		19,815
Management Fee	78,326		78,326
Insurance	65,146		65,146
Supplies and Materials	46,622	2,931	49,553
Depreciation Expense	31,468		31,468
Total Operating Expenses	1,531,493	49,793	1,581,286
Operating Income/(Loss)	(175,382)	9,559	(165,823)
Non-Operating Revenue:			
Federal Sources:			
National School Lunch Program	201,321		201,321
Special Milk Program	5,860		5,860
Food Distribution Program	83,540		83,540
State Sources:			
School Lunch Program	12,803		12,803
Local Sources - Interest Revenue	715	125	840
Total Non-Operating Revenue	304,239	125	304,364
Change in Net Position Before Other Item	128,857	9,684	138,541
Other Item - Disposal of Capital Assets, Net	(5,536)		(5,536)
Change in Net Position	123,321	9,684	133,005
Net Position - Beginning of Year	713,767	116,747	830,514
Net Position - End of Year	\$ 837,088	\$ 126,431	\$ 963,519

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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Food Service</u>	<u>Non-Major Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,354,450	\$ 59,352	\$ 1,413,802
Payments to Employees	(48,504)	(46,862)	(95,366)
Payments to Food Service Vendor	(1,346,018)		(1,346,018)
Payments to Suppliers	(8,317)	(2,481)	(10,798)
Net Cash Provided by/(Used for) Operating Activities	(48,389)	10,009	(38,380)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(50,204)		(50,204)
Net Cash Used for Capital Financing Activities	(50,204)	-0-	(50,204)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	204,156		204,156
State Sources	12,967		12,967
Net Cash Provided by Noncapital Financing Activities	217,123	-0-	217,123
Cash Flows from Investing Activities:			
Interest Revenue	715	125	840
Net Cash Provided by Investing Activities	715	125	840
Net Increase in Cash and Cash Equivalents	119,245	10,134	129,379
Cash and Cash Equivalents, July 1	422,516	116,747	539,263
Cash and Cash Equivalents, June 30	\$ 541,761	\$ 126,881	\$ 668,642
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (175,382)	\$ 9,559	\$ (165,823)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,468		31,468
Federal Food Distribution Program	83,540		83,540
Changes in Assets and Liabilities:			
Decrease in Inventory	5,198		5,198
Increase in Accounts Payable	11,819		11,819
Increase/(Decrease) in Interfund Payable	(3,371)	450	(2,921)
(Decrease) in Unearned Revenue	(1,661)		(1,661)
Net Cash Provided by/(Used for) Operating Activities	\$ (48,389)	\$ 10,009	\$ (38,380)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$83,540 for the fiscal year ended June 30, 2016.

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, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 573,154	\$ 811,378	\$ 31,702
Total Assets	<u>573,154</u>	<u>811,378</u>	<u>31,702</u>
LIABILITIES:			
Payroll Deductions and Withholdings	373,757		
Due to Student Groups	<u>199,397</u>		
Total Liabilities	<u>573,154</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims		811,378	
Flexible Spending Claims			<u>31,702</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 811,378</u>	<u>\$ 31,702</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, 2016

	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:		
Contributions:		
Plan Members	\$ 73,509	\$ 47,450
Employer	125,000	
Total Contributions	198,509	47,450
Investment Earnings:		
Interest	953	28
Net Investment Earnings	953	28
Total Additions	199,462	47,478
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	52,085	
Flexible Spending Claims		35,885
Total Deductions	52,085	35,885
Change in Net Position	147,377	11,593
Net Position - Beginning of the Year	664,001	20,109
Net Position - End of the Year	\$ 811,378	\$ 31,702

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, 2016

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, 2016
(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, 2016
(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 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, 2016
(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, 2016 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 NJSDA 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, 2016
(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	\$ 94,887,957	\$ 2,656,395
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		(10,970)
Prior Year Encumbrances		1,716
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	265,686	4,950
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(264,441)	(4,950)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 94,889,202	\$ 2,647,141
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 91,855,009	\$ 2,760,843
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		(10,970)
Prior Year Encumbrances		1,716
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 91,855,009	\$ 2,751,589
		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)	\$ (241,819)	\$ 3,801,829
Reconciliation to Governmental Funds Statement (GAAP):		
SDA Grants Recognized/(Not Recognized) on GAAP Basis	826,278	(513,998)
Revenue and Other Financing Sources and Fund Balance per Governmental Funds (GAAP)	\$ 584,459	\$ 3,287,831

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016
(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, 2016.

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, 2016
(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, 2016.

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, 2016
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$17,041,186 General Fund balance at June 30, 2016, \$1,551,629 is assigned for encumbrances; \$12,917,942 is restricted (\$8,537,933 in the capital reserve account and \$2,380,009 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, 2017 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, 2018); and \$2,571,615 is unassigned which is \$264,441 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, 2017.

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, 2017.

Capital Projects Fund: The Capital Projects Fund balance at June 30, 2016 of \$3,287,831 is committed for capital projects which is \$513,998 less on the GAAP basis due to NJSDA 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, 2016 as defined above.

The District's unassigned fund balance is less on a GAAP basis than the budgetary basis by \$264,441 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, 2016
(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 and capital and maintenance reserves.

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 \$3,287,831 of committed resources in the Capital Projects Fund at June 30, 2016.

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 \$1,551,629 for encumbrances in the General Fund at June 30, 2016.

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, 2016 due to the June state aid payments that were not recognized on the GAAP basis as explained in Note 1P on the previous page. The District has a \$18,910,330 deficit in unrestricted net position from governmental activities, primarily due to the accrual of \$1,095,236 in compensated absences payable, \$165,918 in accrued interest payable, \$544,579 of unamortized bond issuance premiums, investment gains in pensions of \$434,218, and net pension liability of \$27,006,836, offset by changes in pension assumptions of \$2,900,318, changes in proportion in pensions of \$1,129,103, the difference between expected and actual experience for pensions of \$644,288, and Governmental Funds unassigned, 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 deferred outflows of resources at June 30, 2016 for the deferred amount on refunding of debt related to the District's 2010 refunding bonds and, with regard to pensions, changes in assumptions, changes in proportion, difference between expected and actual experience, and District contribution subsequent to measurement date.

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 a deferred inflow of resources at June 30, 2016 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, 2016
(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, 2016
(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.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Deposits:

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

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, 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, 2016
(Continued)

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

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted Cash and Cash Equivalents</u>		Total
		<u>Reserve Accounts</u>		
		<u>Capital</u>	<u>Maintenance</u>	
Checking Accounts	<u>\$ 10,270,907</u>	<u>\$ 8,537,933</u>	<u>\$ 2,380,009</u>	<u>\$ 21,188,849</u>

During the period ended June 30, 2016, 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, 2016 was \$21,188,849 and the bank balance was \$26,061,427.

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 8,714,995
Interest Earnings	6,536
Budgeted Deposit	749,053
Deposit by Board Resolution - June 30, 2016	3,757,040
Unexpended Capital Projects Funds Returned	378,846
Withdrawals by Board Resolution	<u>(5,068,537)</u>
Ending Balance, June 30, 2016	<u>\$ 8,537,933</u>

The balance in the capital reserve account at June 30, 2016 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, 2016
 (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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 2,376,643
Interest Earnings	<u>3,366</u>
Ending Balance, June 30, 2016	<u><u>\$ 2,380,009</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$680,388 to the capital outlay accounts; \$568,269 for equipment which did not require County Superintendent approval and \$112,119 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, 2016
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 449,315			\$ 449,315
Construction in Progress	3,116,083	\$ 4,045,632	\$ (2,228,347)	4,933,368
Total Capital Assets Not Being Depreciated	<u>3,565,398</u>	<u>4,045,632</u>	<u>(2,228,347)</u>	<u>5,382,683</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	46,111,961	2,558,176	2,227,262	50,897,399
Machinery and Equipment	5,113,050	85,846	(161,345)	5,037,551
Total Capital Assets Being Depreciated	<u>51,225,011</u>	<u>2,644,022</u>	<u>2,065,917</u>	<u>55,934,950</u>
Governmental Activities Capital Assets	<u>54,790,409</u>	<u>6,689,654</u>	<u>(162,430)</u>	<u>61,317,633</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,219,056)	(1,030,089)		(19,249,145)
Machinery and Equipment	(3,216,052)	(261,260)	121,742	(3,355,570)
	<u>(21,435,108)</u>	<u>(1,291,349)</u>	<u>121,742</u>	<u>(22,604,715)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,355,301</u>	<u>\$ 5,398,305</u>	<u>\$ (40,688)</u>	<u>\$ 38,712,918</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 536,116	\$ 115,132	\$ (18,300)	\$ 632,948
Less Accumulated Depreciation	(195,278)	(31,468)	12,764	(213,982)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 340,838</u>	<u>\$ 83,664</u>	<u>\$ (5,536)</u>	<u>\$ 418,966</u>

Capital acquisitions totaled \$6,804,786 and include \$4,045,632 of construction projects in progress and \$2,644,022 and \$115,132 of current fiscal year capitalized expenditures in the Governmental and Business-Type Activities, respectively. The District transferred \$2,228,347 of completed capital projects to depreciable capital assets during the current fiscal year. As of June 30, 2016, the District had active construction projects balances totaling \$3,801,829, including \$3,155,678 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 26,892
Student and Instruction Related Services	8,268
General Administrative Services	33,349
School Administrative Services	4,481
Administration Information Technology	8,598
Plant Operations and Maintenance	109,370
Pupil Transportation	660
Unallocated	1,099,731
	<u>\$ 1,291,349</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2015	Issued/ Accrued	Retired	Balance 6/30/2016
Serial Bonds Payable	\$ 9,065,000		\$ 1,225,000	\$ 7,840,000
Capital Leases Payable	903,171	\$ 647,000	637,947	912,224
Compensated Absences Payable	1,072,251	109,125	86,140	1,095,236
Unamortized Bond Issuance				
Premiums	622,376		77,797	544,579
Net Pension Liability	21,658,182	5,348,654		27,006,836
Other Post-Employment Benefits Payable	1,609,554	133,823		1,743,377
	<u>\$ 34,930,534</u>	<u>\$ 6,238,602</u>	<u>\$ 2,026,884</u>	<u>\$ 39,142,252</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, 2016 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
School Refunding Bonds	02/11/10	07/15/22	3.5% - 5.0%	<u>\$ 7,840,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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
2021	1,170,000	124,500	1,294,500
Thereafter:			
2022-2023	1,905,000	84,625	1,989,625
	<u>\$ 7,840,000</u>	<u>\$ 1,200,000</u>	<u>\$ 9,040,000</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, 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, 2016
(Continued)

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

C. Capital Leases Payable:

As of June 30, 2016, the District has three capital leases payable for computer and technology equipment that originally totaled \$1,767,000 of which \$854,776 has been liquidated as of June 30, 2016. All of the leases are for four years with the final payments occurring in fiscal years 2016-17, 2017-18 and 2018-19. 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, 2016 are detailed below.

<u>Year</u>	<u>Amount</u>
2017	\$ 456,892
2018	310,457
2019	<u>165,514</u>
	932,863
Less: Amount representing interest	<u>(20,639)</u>
Present value of net minimum lease payments	<u>\$ 912,224</u>

The current portion of capital leases payable at June 30, 2016 is \$445,042 and the long-term portion is \$467,182. The General Fund will be used to liquidate capital leases payable.

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums 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 unamortized bond issuance premiums at June 30, 2016 is \$77,797 and the long-term portion is \$466,782.

E. 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 entire \$1,095,236 of compensated absences payable at June 30, 2016 is long-term.

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, 2016, no liability existed for compensated absences in the Proprietary Funds.

F. 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 entire \$1,743,377 of other post-employment benefits payable at June 30, 2016 is long-term. See Note 10 for further information on these benefits.

G. 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 entire \$27,006,836 net pension liability at June 30, 2016 is long-term. See Note 9 for further information on the PERS.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

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.

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 1/55th 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 1/60th 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 \$1,034,330 for fiscal year 2016.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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, 2016, the District reported a liability of \$27,006,836 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.12%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$2,017,980. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	6.44 years	\$ 578,104	
2015	5.72 years	<u>2,322,214</u>	
Subtotal		<u>2,900,318</u>	
Changes in Proportion:			
2014	6.44 years	393,665	
2015	5.72 years	<u>735,438</u>	
		<u>1,129,103</u>	
Difference Between Expected and Actual Experience - 2015			
	5.72 years	<u>644,288</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		\$ 1,006,777
2015	5 years		<u>(572,559)</u>
Subtotal			<u>434,218</u>
District Contribution Subsequent to the Measurement Date - 2015			
	1 year	<u>1,081,722</u>	
		<u>\$ 5,755,431</u>	<u>\$ 434,218</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 566,247
2017	566,247
2018	566,247
2019	901,840
2020	509,807
	<u>\$ 3,110,388</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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, 2015 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, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 33,566,193	\$ 27,006,836	\$ 21,507,519

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th 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 1/60th 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. 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 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 2015, 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 2016, the State of New Jersey contributed \$2,628,512 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$12,775,866.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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, 2016
(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, 2016, the State's proportionate share of the net pension liability associated with the District was \$209,238,033. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.331%, which was a decrease of 0.008% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>209,238,033</u>
Total	<u><u>\$ 209,238,033</u></u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$12,775,866 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.5 years	\$ 1,999,074,013	
2015	8.3 years	5,201,079,373	
Difference Between Expected and Actual Experience:			
2014	8.5 years		\$ 19,039,817
2015	8.3 years	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2014	5 years		1,305,927,430
2015	5 years		(770,568,242)
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (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)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. 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 3.80% as of June 30, 2015 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, 2016

(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, 2015 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, 2015		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 248,671,581	\$ 209,238,033	\$ 175,263,671

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 \$24,399 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$44,732 for the fiscal year ended June 30, 2016.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 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, 2016
(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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members for Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$3,129,831, \$2,841,276 and \$2,348,515 for 2016, 2015 and 2014, 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, 2016, 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Funding Policy (Cont'd)

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.

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, 2014, 2015 and 2016:

Benefit Obligations and Normal Cost

	Valuation June 30,		
	2014	2015	2016
Actuarial accrued liability (AAL):			
Retired employees	\$ 4,482,905	\$ 5,078,897	\$ 4,926,544
Active employees	3,967,442	4,663,462	5,114,626
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,450,347</u>	<u>\$ 9,742,359</u>	<u>\$ 10,041,170</u>
Normal Cost with interest	\$ 201,733	\$ 207,610	\$ 217,991
Amortization factor based on 30 years	\$ 462,018	\$ 462,018	\$ 462,018
Annual covered payroll	\$ 45,860,846	\$ 46,446,730	\$ 46,834,134
UAAL as a percentage of covered payroll	18.43%	20.98%	21.44%

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

Annual OPEB Cost and Net OPEB Obligation (Cont'd)

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, 2014, 2015 and 2016:
(Cont'd)

Level Dollar Amortization			
Calculation of ARC under Projected Unit Credit Method			
ARC normal cost with interest to end of year	\$ 201,733	\$ 207,610	\$ 217,991
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)	663,751	669,628	680,009
Interest on net OPEB obligation	69,395	75,902	80,478
Adjustment to ARC	(265,077)	(230,276)	(230,276)
Annual OPEB cost (expense)	468,069	515,254	530,211
Pay as you go benefits	(337,934)	(423,740)	(396,388)
Net OPEB expense at June 30,:			
2014, 2015 and 2016, respectively	130,135	91,514	133,823
Prior year	1,387,905	1,518,040	1,609,554
Net OPEB obligation June 30,:			
2014, 2015 and 2016, respectively	<u>\$ 1,518,040</u>	<u>\$ 1,609,554</u>	<u>\$ 1,743,377</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>
Projected unfunded actuarial accrued liability (June 30, 2016)			<u>\$ 10,041,170</u>

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, 2016 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

The 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 New Jersey Schools Insurance Group (the "Group") 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 Group 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 Group are elected.

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

The June 30, 2016 audit was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2015 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 294,626,089
Net Position	\$ 57,315,326
Total Revenue	\$ 124,104,560
Total Expenses	\$ 121,185,870
Members Dividends	\$ -0-
Change in Net Position for the Year Ended June 30, 2015	\$ 2,918,690

Financial statements for the Group are available at the Group's Office or website:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 125,000	\$ 953	\$ 73,509	\$ 52,085	\$ 811,378
2014-2015	125,000	596	72,562	104,746	664,001
2013-2014	200,000	471	70,752	155,100	570,589

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.

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 63,062	
Proprietary Funds:		
Food Service		\$ 62,612
Summer Community Education Program		450
	<u>\$ 63,062</u>	<u>\$ 63,062</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 and Summer Community Education Program Enterprise Funds, respectively.

During the fiscal year, the General Fund transferred \$4,578,625 from Capital Reserve to the Capital Projects Fund for the local share of capital projects and the Capital Projects Fund transferred \$378,846 of Capital Reserve to the General Fund for the unexpended local share of capital projects completed.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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:

<u>403(b)</u>	<u>457</u>
FTJ Fund Choice	MetLife Insurance Co.
AXA Equitable	
VALIC	
First Investors Corp.	
Lincoln Investment Planning, Inc.	
Lincoln Financial	

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.

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2016:

	<u>Governmental Funds</u>			District Contribution Subsequent to the Measurement Date	Total Governmental Activities	<u>Business- Type Activities</u>
	General Fund	Special Revenue Fund	Capital Projects Fund			Proprietary Funds
Salaries	\$ 1,064,425	\$ 12,755			\$ 1,077,180	
Vendors	431,717	2,142	\$ 15,162		449,021	\$ 39,694
Due to:						
Other Governmental Units		74,107			74,107	
State of New Jersey				\$ 1,081,722	1,081,722	
	<u>\$ 1,496,142</u>	<u>\$ 89,004</u>	<u>\$ 15,162</u>	<u>\$ 1,081,722</u>	<u>\$ 2,682,030</u>	<u>\$ 39,694</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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, 2016, 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
\$ 1,551,629	\$ 10,970	\$ 3,155,678	\$ 4,718,277

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$10,970 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 \$3,155,678 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$3,287,831 committed fund balance on a GAAP basis at June 30, 2016 which is \$513,998 less on the GAAP basis due to NJSDA grants which have not been recognized.

NOTE 18. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2016:

	Governmental Activities			Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Federal		\$ 42,826		\$ 42,826
State	\$ 1,448,314	10,230	\$ 72,590	1,531,134
	\$ 1,448,314	\$ 53,056	\$ 72,590	\$ 1,573,960
				\$ 16,455

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.1156785158%	0.1203084491%
District's proportionate share of the net pension liability	\$ 21,658,182	\$ 27,006,836
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	269.49%	331.97%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

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

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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>2015</u>	<u>2016</u>
Contractually required contribution	\$ 953,637	\$ 1,034,330
Contributions in relation to the contractually required contribution	<u>(953,637)</u>	<u>(1,034,330)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 8,135,292	\$ 7,989,478
Contributions as a percentage of covered employee payroll	11.72%	12.95%

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 STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.3385841334%	0.3310504684%
State's proportionate share of the net pension liability attributable to the District	\$ 180,962,200	\$ 209,238,033
District's covered employee payroll	\$ 32,710,494	\$ 33,340,326
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	553.22%	627.58%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 9,737,465	\$ 12,775,866
Contributions in relation to the contractually required contribution	<u>(1,789,780)</u>	<u>(2,628,512)</u>
Contribution deficiency/(excess)	<u>\$ 7,947,685</u>	<u>\$ 10,147,354</u>
District's covered employee payroll	\$ 33,340,326	\$ 33,966,880
Contributions as a percentage of covered employee payroll	29.21%	37.61%

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, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 81,930,358		\$ 81,930,358	\$ 81,930,358	
Transportation Fees from Individuals	13,500		13,500	26,781	\$ 13,281
Interest Earned on Capital Reserve Funds	1,800		1,800	6,536	4,736
Interest Earned on Maintenance Reserve Funds	1,500		1,500	3,366	1,866
Unrestricted Miscellaneous Revenues	140,000		140,000	396,842	256,842
Total - Local Sources	<u>82,087,158</u>		<u>82,087,158</u>	<u>82,363,883</u>	<u>276,725</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	1,332,156	1,032,156
Nonpublic School Transportation Costs				37,062	37,062
On-Behalf TPAF Contributions:					
Post-Retirement Medical (Non-Budgeted)				3,129,831	3,129,831
Pension (Non-Budgeted)				2,628,512	2,628,512
Reimbursed TPAF Social Security (Non-Budgeted)				2,430,150	2,430,150
Total State Sources	<u>3,247,508</u>		<u>3,247,508</u>	<u>12,505,219</u>	<u>9,257,711</u>
Federal Sources:					
Medicaid Reimbursement (SEMI)	25,619		25,619	18,855	(6,764)
Total Federal Sources	<u>25,619</u>		<u>25,619</u>	<u>18,855</u>	<u>(6,764)</u>
TOTAL REVENUES	<u>85,360,285</u>		<u>85,360,285</u>	<u>94,887,957</u>	<u>9,527,672</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 590,716	\$ (59,907)	\$ 530,809	\$ 495,831	\$ 34,978
Grades 1-5 - Salaries of Teachers	8,807,863	(318,646)	8,489,217	8,391,398	97,819
Grades 6-8 - Salaries of Teachers	7,745,326	95,996	7,841,322	7,501,886	339,436
Grades 9-12 - Salaries of Teachers	7,407,968	(265,709)	7,142,259	7,060,298	81,961
Regular Programs - Home Instruction:					
Salaries of Teachers	104,350	(23,924)	80,426	50,544	29,882
Purchased Professional - Educational Services	50,000	13,924	63,924	43,278	20,646
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	277,775	4,231	282,006	261,610	20,396
Purchased Technical Services	236,475	142	236,617	144,282	92,335
Other Purchased Services (400-500 series)	67,325	(1,400)	65,925	30,894	35,031
General Supplies	1,156,880	287,915	1,444,795	1,204,475	240,320
Textbooks	171,300	225,817	397,117	243,952	153,165
Other Objects	72,300	1,589	73,889	62,803	11,086
Total Regular Programs - Instruction	26,688,278	(39,972)	26,648,306	25,491,251	1,157,055
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	593,076	(77,414)	515,662	510,935	4,727
Other Salaries for Instruction	117,848	(117,848)			
Purchased Professional - Educational Services	50,000	(30,000)	20,000	8,050	11,950
Other Purchased Services (400-500 series)	1,000	(755)	245	245	
General Supplies	12,500	(466)	12,034	11,948	86
Textbooks	1,500	(1,500)			
Total Multiple Disabilities	775,924	(227,983)	547,941	531,178	16,763

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 4,036,483	\$ 132,226	\$ 4,168,709	\$ 4,153,877	\$ 14,832
Other Salaries for Instruction	798,603	69,698	868,301	863,481	4,820
Purchased Technical Services	3,100	(2,825)	275	275	
General Supplies	9,000	3,941	12,941	12,941	
Total Resource Room/Resource Center	<u>4,847,186</u>	<u>203,040</u>	<u>5,050,226</u>	<u>5,030,574</u>	<u>19,652</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	53,769	145	53,914	53,108	806
Other Salaries for Instruction	12,018	(901)	11,117	10,979	138
General Supplies	3,000	(3,000)			
Total Preschool Disabilities - Part-Time	<u>68,787</u>	<u>(3,756)</u>	<u>65,031</u>	<u>64,087</u>	<u>944</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	138,002	(623)	137,379	136,637	742
Other Salaries for Instruction	44,311	588	44,899	44,450	449
Other Purchased Services (400-500 series)	500	(500)			
General Supplies	3,000	(3,000)			
Total Preschool Disabilities - Full-Time	<u>185,813</u>	<u>(3,535)</u>	<u>182,278</u>	<u>181,087</u>	<u>1,191</u>
Total Special Education Instruction	<u>5,877,710</u>	<u>(32,234)</u>	<u>5,845,476</u>	<u>5,806,926</u>	<u>38,550</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	853,001	(21,445)	831,556	826,674	4,882
Other Purchased Services (400-500 series)	1,200	(549)	651	651	
General Supplies	4,200	(160)	4,040	4,040	
Total Basic Skills/Remedial - Instruction	<u>858,401</u>	<u>(22,154)</u>	<u>836,247</u>	<u>831,365</u>	<u>4,882</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 70,605	\$ 9,424	\$ 80,029	\$ 79,740	\$ 289
General Supplies		55	55	55	
Total Bilingual Education - Instruction	70,605	9,479	80,084	79,795	289
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	288,000	(6,840)	281,160	264,999	16,161
Purchased Services (300-500 series)	16,000	5,150	21,150	19,298	1,852
Supplies and Materials	29,442	1,350	30,792	30,411	381
Other Objects	9,600	340	9,940	9,913	27
Total School-Sponsored Cocurricular Activities - Instruction	343,042		343,042	324,621	18,421
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	766,347	(24,922)	741,425	677,915	63,510
Purchased Services (300-500 series)	118,056	18,643	136,699	124,103	12,596
Supplies and Materials	76,245	2,999	79,244	78,955	289
Other Objects	22,965	3,280	26,245	26,025	220
Total School-Sponsored Cocurricular Athletics - Instruction	983,613		983,613	906,998	76,615
Before/After School Programs - Instruction:					
Salaries of Teachers	33,000		33,000	7,098	25,902
Total Before/After School Programs - Instruction	33,000		33,000	7,098	25,902
Summer School - Instruction:					
Salaries	34,700	2,587	37,287	36,781	506
Other Salaries for Instruction	20,700	(2,587)	18,113	14,932	3,181
Total Summer School - Instruction	55,400		55,400	51,713	3,687
Total Instruction	34,910,049	(84,881)	34,825,168	33,499,767	1,325,401

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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		\$ 16,240	\$ 16,240	\$ 15,844	\$ 396
Tuition to Other LEAs Within the State - Special	\$ 2,156,000	(20,736)	2,135,264	1,851,168	284,096
Tuition to County Vocational Schools - Regular	1,290,000		1,290,000	1,119,050	170,950
Tuition to County Vocational Schools - Special	52,000		52,000	21,200	30,800
Tuition to Private Schools for the Disabled - Within the State	2,853,307	4,496	2,857,803	2,503,114	354,689
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	320,000		320,000	288,946	31,054
Tuition - State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction	6,703,613		6,703,613	5,831,628	871,985
Attendance and Social Work Services:					
Salaries	65,866	(1,328)	64,538	62,207	2,331
Total Attendance and Social Work Services	65,866	(1,328)	64,538	62,207	2,331
Health Services:					
Salaries	816,139	1,405	817,544	781,435	36,109
Purchased Professional and Technical Services	15,919	(905)	15,014	10,237	4,777
Other Purchased Services (400-500 series)	1,000	(500)	500	320	180
Supplies and Materials	14,237		14,237	11,950	2,287
Total Health Services	847,295		847,295	803,942	43,353
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	677,600	(88,304)	589,296	584,988	4,308
Purchased Professional - Educational Services	2,131,000	(146,362)	1,984,638	1,875,042	109,596
Other Purchased Services (400-500 series)		2,450	2,450	2,400	50
Supplies and Materials	20,000	(2,000)	18,000	17,752	248
Total Other Support Services - Speech, OT, PT and Related Services	2,828,600	(234,216)	2,594,384	2,480,182	114,202
Other Support Services - Students - Extraordinary Services:					
Salaries	716,175	279,125	995,300	987,449	7,851
Total Other Support Services - Students - Extraordinary Services	716,175	279,125	995,300	987,449	7,851

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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:					
Guidance:					
Salaries of Other Professional Staff	\$ 961,730	\$ (1,017)	\$ 960,713	\$ 955,878	\$ 4,835
Salaries of Secretarial and Clerical Assistants	341,390	(11,301)	330,089	284,538	45,551
Other Salaries	17,552	14,792	32,344	18,587	13,757
Other Purchased Professional and Technical Services	5,298		5,298	5,214	84
Other Purchased Services (400-500 series)	750		750		750
Supplies and Materials	83,644		83,644	36,521	47,123
Other Objects	535		535	510	25
Total Guidance	<u>1,410,899</u>	<u>2,474</u>	<u>1,413,373</u>	<u>1,301,248</u>	<u>112,125</u>
Child Study Team:					
Salaries of Other Professional Staff	1,033,433	(45,741)	987,692	900,800	86,892
Salaries of Secretarial and Clerical Assistants	233,134		233,134	228,684	4,450
Purchased Professional - Educational Services	45,000	38,266	83,266	68,101	15,165
Other Purchased Professional and Technical Services	36,000	(1,472)	34,528	7,273	27,255
Miscellaneous Purchased Services	3,000	(195)	2,805	2,767	38
Supplies and Materials	10,000	8,472	18,472	18,472	
Other Objects	500		500	46	454
Total Child Study Team	<u>1,361,067</u>	<u>(670)</u>	<u>1,360,397</u>	<u>1,226,143</u>	<u>134,254</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	783,460	(94,600)	688,860	655,654	33,206
Salaries of Other Professional Staff	157,000	450	157,450	122,837	34,613
Salaries of Secretarial and Clerical Assistants	90,289	220	90,509	89,602	907
Purchased Professional - Educational Services	65,000	1,795	66,795	66,795	
Supplies and Materials	20,000	(20,000)			
Other Objects	2,000		2,000		2,000
Total Improvement of Instructional Services	<u>1,117,749</u>	<u>(112,135)</u>	<u>1,005,614</u>	<u>934,888</u>	<u>70,726</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 694,275	\$ (379)	\$ 693,896	\$ 632,189	\$ 61,707
Purchased Professional and Technical Services	1,300		1,300		1,300
Other Purchased Services (400-500 series)	1,600		1,600	955	645
Supplies and Materials	82,794	(98)	82,696	81,043	1,653
Total Educational Media Services/School Library	<u>779,969</u>	<u>(477)</u>	<u>779,492</u>	<u>714,187</u>	<u>65,305</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	661,353	111,692	773,045	749,544	23,501
Salaries of Secretarial and Clerical Assistants	72,487	443	72,930	72,608	322
Purchased Professional - Educational Services	9,500	250	9,750	9,527	223
Other Objects	12,000	(250)	11,750	3,719	8,031
Total Instructional Staff Training Services	<u>755,340</u>	<u>112,135</u>	<u>867,475</u>	<u>835,398</u>	<u>32,077</u>
Support Services - General Administration:					
Salaries	347,610		347,610	331,204	16,406
Legal Services	130,000	(2,153)	127,847	109,138	18,709
Audit Fees	45,000	(1,500)	43,500	43,500	
Architectural/Engineering Services	49,000	(1,895)	47,105	25,172	21,933
Other Purchased Professional Services	11,180		11,180	9,942	1,238
Purchased Technical Services	20,000		20,000	12,737	7,263
Communications/Telephone	110,000	(954)	109,046	88,377	20,669
BOE Other Purchased Services		5,000	5,000	3,650	1,350
Miscellaneous Purchased Services (400-500 series)	93,019	(18,498)	74,521	73,584	937
General Supplies	7,500	1,235	8,735	6,846	1,889
Judgments Against The School District		20,000	20,000	20,000	
Miscellaneous Expenditures	21,000	(1,235)	19,765	15,640	4,125
BOE Membership Dues and Fees	30,000		30,000	28,973	1,027
Total Support Services - General Administration	<u>864,309</u>		<u>864,309</u>	<u>768,763</u>	<u>95,546</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,820,917	\$ (7,794)	\$ 1,813,123	\$ 1,810,536	\$ 2,587
Salaries of Other Professional Staff	138,006	7,794	145,800	143,400	2,400
Salaries of Secretarial and Clerical Assistants	812,631	(175)	812,456	740,023	72,433
Purchased Professional and Technical Services	5,500	(750)	4,750	495	4,255
Other Purchased Services (400-500 series)	86,000	925	86,925	69,810	17,115
Supplies and Materials	1,000		1,000		1,000
Other Objects	2,000		2,000	2,000	
Total Support Services - School Administration	2,866,054		2,866,054	2,766,264	99,790
Central Services:					
Salaries	829,509		829,509	805,229	24,280
Purchased Professional Services	52,000	2,824	54,824	54,135	689
Purchased Technical Services	91,363	(3,288)	88,075	71,049	17,026
Miscellaneous Purchased Services (400-500 series)	3,500		3,500	1,248	2,252
Supplies and Materials	29,749	(1,908)	27,841	19,747	8,094
Miscellaneous Expenditures	11,450	(1,650)	9,800	4,494	5,306
Total Central Services	1,017,571	(4,022)	1,013,549	955,902	57,647
Administration Information Technology:					
Salaries	270,318	(5,613)	264,705	226,011	38,694
Purchased Professional Services	199,500	(1,308)	198,192	120,917	77,275
Purchased Technical Services	87,000	(553)	86,447	23,033	63,414
Other Purchased Services (400-500 series)	5,000		5,000	4,900	100
Supplies and Materials	6,000	11,496	17,496	17,211	285
Total Administration Information Technology	567,818	4,022	571,840	392,072	179,768

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 724,880	\$ (38,676)	\$ 686,204	\$ 686,204	
Cleaning, Repair and Maintenance Services	1,646,348	379,349	2,025,697	973,038	\$ 1,052,659
General Supplies	370,362	8,719	379,081	358,975	20,106
Other Objects	7,000	(1,409)	5,591	5,591	
Total Required Maintenance for School Facilities	<u>2,748,590</u>	<u>347,983</u>	<u>3,096,573</u>	<u>2,023,808</u>	<u>1,072,765</u>
Custodial Services:					
Salaries	2,399,425	(33,235)	2,366,190	2,324,918	41,272
Salaries of Non-Instructional Aides	315,025	(30,634)	284,391	283,959	432
Purchased Professional and Technical Services	192,050	(43,934)	148,116	143,136	4,980
Cleaning, Repair and Maintenance Services	115,476	24,959	140,435	140,435	
Other Purchased Property Services	180,950	(13,828)	167,122	160,500	6,622
Insurance	261,948	13,269	275,217	275,217	
General Supplies	254,446	(11,906)	242,540	241,100	1,440
Energy (Natural Gas)	390,000	(29,032)	360,968	221,253	139,715
Energy (Electricity)	849,500		849,500	741,633	107,867
Energy (Gasoline)	33,600	(368)	33,232	14,585	18,647
Total Custodial Services	<u>4,992,420</u>	<u>(124,709)</u>	<u>4,867,711</u>	<u>4,546,736</u>	<u>320,975</u>
Care and Upkeep of Grounds:					
Salaries	322,656	(32,302)	290,354	290,354	
Cleaning, Repair and Maintenance Services	70,600	(4,201)	66,399	35,499	30,900
General Supplies	75,327	1,533	76,860	75,644	1,216
Total Care and Upkeep of Grounds	<u>468,583</u>	<u>(34,970)</u>	<u>433,613</u>	<u>401,497</u>	<u>32,116</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 171,032	\$ (17,133)	\$ 153,899	\$ 153,899	
General Supplies	1,307	1,780	3,087	3,087	
Total Security	<u>172,339</u>	<u>(15,353)</u>	<u>156,986</u>	<u>156,986</u>	
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	337,327	6,380	343,707	336,902	\$ 6,805
Between Home and School - Special	7,000	800	7,800	7,800	
Other Than Between Home and School - Regular	125,000	(19,883)	105,117	80,313	24,804
Management Fee - ESC & CTSA Transportation Program	55,000		55,000	53,379	1,621
Other Purchased Professional and Technical Services	7,000		7,000	5,816	1,184
Cleaning, Repair and Maintenance Services	2,500	561	3,061	3,061	
Contracted Services:					
Between Home and School - Vendors	543,000	(42,879)	500,121	490,697	9,424
Other Than Between Home and School - Vendors	69,400	24,025	93,425	63,339	30,086
Special Education Students - Vendors	410,000	62,191	472,191	472,191	
Regular Students - ESCs & CTSA	94,850	(39,031)	55,819	33,289	22,530
Special Education Students - ESCs & CTSA	1,305,000	9,097	1,314,097	1,314,097	
Aid in Lieu Payments - Nonpublic Schools	194,480	(1,575)	192,905	155,230	37,675
Miscellaneous Purchased Services	2,500		2,500	1,850	650
General Supplies	1,000		1,000	83	917
Transportation Supplies	65,000		65,000	39,113	25,887
Other Objects	500	314	814	575	239
Total Student Transportation Services	<u>3,219,557</u>	<u></u>	<u>3,219,557</u>	<u>3,057,735</u>	<u>161,822</u>
Allocated Benefits:					
Regular Programs - Instruction:					
Tuition Reimbursement	128,500		128,500	126,304	2,196
Total Allocated Benefits - Regular Programs - Instruction	<u>128,500</u>	<u></u>	<u>128,500</u>	<u>126,304</u>	<u>2,196</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 2,034	\$ 10,966
Total Allocated Benefits - Improvement of Instruction Services	<u>13,000</u>		<u>13,000</u>	<u>2,034</u>	<u>10,966</u>
Support Services - School Administration:					
Tuition Reimbursement	20,000		20,000	10,838	9,162
Total Allocated Benefits - Support Services - School Administration	<u>20,000</u>		<u>20,000</u>	<u>10,838</u>	<u>9,162</u>
Operation and Maintenance of Plant Services:					
Other Retirement Contributions - PERS	1,199,341		1,199,341	1,034,330	165,011
Total Allocated Benefits - Operation and Maintenance of Plant Services	<u>1,199,341</u>		<u>1,199,341</u>	<u>1,034,330</u>	<u>165,011</u>
Total Allocated Benefits	<u>1,360,841</u>		<u>1,360,841</u>	<u>1,173,506</u>	<u>187,335</u>
Unallocated Benefits:					
Social Security Contributions	984,000		984,000	937,926	46,074
Other Retirement Contributions - DCRP	31,600		31,600	24,399	7,201
Unemployment Compensation	125,000		125,000	125,000	
Workmen's Compensation	400,000	\$ (11,586)	388,414	302,296	86,118
Health Benefits	12,616,695	6,350	12,623,045	11,890,302	732,743
Other Employee Benefits	453,000	5,236	458,236	448,156	10,080
Unused Sick Payment to Terminated/Retired Staff	200,000		200,000	86,140	113,860
Total Unallocated Benefits	<u>14,810,295</u>		<u>14,810,295</u>	<u>13,814,219</u>	<u>996,076</u>
On-Behalf TPAF Contributions:					
Post-Retirement Medical (Non-Budgeted)				3,129,831	(3,129,831)
Pension (Non-Budgeted)				2,628,512	(2,628,512)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				<u>2,430,150</u>	<u>(2,430,150)</u>
Total On-Behalf and Reimbursed Contributions				<u>8,188,493</u>	<u>(8,188,493)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Total Personal Services - Employee Benefits	\$ 16,171,136		\$ 16,171,136	\$ 23,176,218	\$ (7,005,082)
Total Undistributed Expenses	49,674,950	\$ 217,859	49,892,809	53,423,253	(3,530,444)
 TOTAL GENERAL CURRENT EXPENSE	 84,584,999	 132,978	 84,717,977	 86,923,020	 (2,205,043)
CAPITAL OUTLAY					
Equipment:					
School Sponsored and Other Instructional Programs	4,000	(1,319)	2,681	2,681	
Undistributed Expenditures:					
Instruction	49,873	20,583	70,456	64,159	6,297
Required Maintenance for School Facilities	230,260	415,613	645,873	645,873	
Custodial Services	28,717	13,483	42,200	13,717	28,483
Care and Upkeep of Grounds	34,000	10,708	44,708	42,960	1,748
Security	884,613	109,201	993,814	917,964	75,850
Total Equipment	1,231,463	568,269	1,799,732	1,687,354	112,378
Facilities Acquisition and Construction Services:					
Construction Services	1,712,633	112,119	1,824,752	1,770,178	54,574
Lease Purchase Agreements - Principal	650,000		650,000	648,649	1,351
Other Objects (Debt Service Assessment)	165,426		165,426	165,426	
Total Facilities Acquisition and Construction Services	2,528,059	112,119	2,640,178	2,584,253	55,925
Assets Acquired Under Capital Leases (Non-Budgeted):					
Equipment:					
Undistributed Expenditures:					
Instruction				647,000	(647,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				647,000	(647,000)
TOTAL CAPITAL OUTLAY	3,759,522	680,388	4,439,910	4,918,607	(478,697)
Transfer of Funds to Charter Schools	33,442		33,442	13,382	20,060
TOTAL EXPENDITURES	88,377,963	813,366	89,191,329	91,855,009	(2,663,680)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ (3,017,678)	\$ (813,366)	\$ (3,831,044)	\$ 3,032,948	\$ 6,863,992
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				647,000	647,000
Transfer In:					
Capital Projects Fund Unexpended Balances - Capital Reserve				378,846	378,846
Transfers Out:					
Board Contribution:					
Special Revenue Fund - PreK - Inclusion	(332,732)	228,284	(104,448)	(104,448)	
Capital Projects Fund:					
Capital Outlay		(639,300)	(639,300)	(639,300)	
Capital Reserve		(4,578,625)	(4,578,625)	(4,578,625)	
Total Other Financing Sources/(Uses)	<u>(332,732)</u>	<u>(4,989,641)</u>	<u>(5,322,373)</u>	<u>(4,296,527)</u>	<u>1,025,846</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,350,410)	(5,803,007)	(9,153,417)	(1,263,579)	7,889,838
Fund Balance, July 1	<u>18,569,206</u>		<u>18,569,206</u>	<u>18,569,206</u>	
Fund Balance, June 30	<u>\$ 15,218,796</u>	<u>\$ (5,803,007)</u>	<u>\$ 9,415,789</u>	<u>\$ 17,305,627</u>	<u>\$ 7,889,838</u>
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 1,000,000	
Excess Surplus				1,000,000	
Capital Reserve				8,537,933	
Maintenance Reserve				2,380,009	
Assigned:					
Encumbrances				1,551,629	
Unassigned				<u>2,836,056</u>	
				17,305,627	
Reconciliation to Governmental Funds Statement (GAAP):					
June State Aid Payments not Recognized on GAAP Basis				<u>(264,441)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,041,186</u>	

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 586,300	\$ 172,882	\$ 759,182	\$ 678,827	\$ (80,355)
Federal Sources	1,426,500	211,973	1,638,473	1,573,299	(65,174)
Local Sources	300,820	185,120	485,940	404,269	(81,671)
Total Revenues	2,313,620	569,975	2,883,595	2,656,395	(227,200)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	332,732		332,732	104,448	(228,284)
Total Revenues and Other Financing Sources	2,646,352	569,975	3,216,327	2,760,843	(455,484)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	698,117	36,058	734,175	523,705	210,470
Purchased Professional and Technical Services	14,935	59,189	74,124	28,849	45,275
Other Purchased Services	1,072,500	(170,856)	901,644	900,000	1,644
General Supplies	43,000	89,132	132,132	82,263	49,869
Textbooks	51,000	9,470	60,470	60,004	466
Other Objects	1,100	220	1,320	720	600
Total Instruction	1,880,652	23,213	1,903,865	1,595,541	308,324
Support Services					
Personal Services - Salaries	69,170	(12,009)	57,161	57,161	
Personal Services - Employee Benefits	3,915	6,228	10,143	10,136	7
Purchased Professional/Educational Services	663,718	496,615	1,160,333	1,035,129	125,204
Other Purchased Services	20,900	37,509	58,409	40,706	17,703
Supplies and Materials	1,997	17,279	19,276	15,030	4,246
Other Objects	6,000	1,140	7,140	7,140	
Total Support Services	765,700	546,762	1,312,462	1,165,302	147,160
Total Expenditures	2,646,352	569,975	3,216,327	2,760,843	455,484
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 94,887,957	\$ 2,656,395
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		(10,970)
Prior Year Encumbrances		1,716
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	265,686	4,950
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(264,441)	(4,950)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 94,889,202	\$ 2,647,141
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 91,855,009	\$ 2,760,843
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		(10,970)
Prior Year Encumbrances		1,716
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 91,855,009	\$ 2,751,589

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 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, 2016

	<u>No Child Left Behind</u>			<u>I.D.E.A. - Part B, Basic</u>	
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Regular</u>	<u>Preschool</u>
REVENUE:					
State Sources					
Federal Sources	\$ 100,301	\$ 78,631	\$ 2,909	\$ 1,336,525	\$ 54,933
Local Sources					
Total Revenue	<u>100,301</u>	<u>78,631</u>	<u>2,909</u>	<u>1,336,525</u>	<u>54,933</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	<u>\$ 100,301</u>	<u>\$ 78,631</u>	<u>\$ 2,909</u>	<u>\$ 1,336,525</u>	<u>\$ 54,933</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 70,666	\$ 5,000	\$ 320		
Purchased Professional and Technical Services					
Other Purchased Services				\$ 900,000	
General Supplies	15,805		2,589		
Textbooks					
Other Objects					
Total Instruction	<u>86,471</u>	<u>5,000</u>	<u>2,909</u>	<u>900,000</u>	
Support Services:					
Personal Services - Salaries	7,991				
Personal Services - Employee Benefits	5,839	382			
Purchased Professional/Educational Services		32,739		436,525	\$ 54,933
Other Purchased Services		22,246			
Supplies and Materials		11,124			
Other Objects		7,140			
Total Support Services	<u>13,830</u>	<u>73,631</u>		<u>436,525</u>	<u>54,933</u>
Total Expenditures	<u>\$ 100,301</u>	<u>\$ 78,631</u>	<u>\$ 2,909</u>	<u>\$ 1,336,525</u>	<u>\$ 54,933</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, 2016

	Local Programs	NJ Nonpublic			Technology Initiative
		Security	Textbooks	Nursing	
REVENUE:					
State Sources		\$ 25,862	\$ 60,004	\$ 88,566	\$ 27,114
Federal Sources					
Local Sources	\$ 163,029				
Total Revenue	163,029	25,862	60,004	88,566	27,114
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	\$ 163,029	\$ 25,862	\$ 60,004	\$ 88,566	\$ 27,114
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 60,443				
Purchased Professional and Technical Services	28,849				
Other Purchased Services					
General Supplies	54,587				
Textbooks			\$ 60,004		
Other Objects	720				
Total Instruction	144,599		60,004		
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services		\$ 25,862		\$ 88,566	\$ 27,114
Other Purchased Services	18,430				
Supplies and Materials					
Other Objects					
Total Support Services	18,430	25,862		88,566	27,114
Total Expenditures	\$ 163,029	\$ 25,862	\$ 60,004	\$ 88,566	\$ 27,114

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Preschool Education Aid	Nonpublic Auxiliary Services (Chapter 192)		
		Compensatory Education	Transportation	Home Instruction
REVENUE:				
State Sources	\$ 49,500	\$ 75,125	\$ 14,487	\$ 8,077
Federal Sources				
Local Sources	241,240			
Total Revenue	290,740	75,125	14,487	8,077
Other Financing Sources:				
Transfer In - Board Contribution - General Fund	104,448			
Total Revenue and Other Financing Sources	\$ 395,188	\$ 75,125	\$ 14,487	\$ 8,077
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 385,276			
Purchased Professional and Technical Services				
Other Purchased Services				
General Supplies	9,282			
Textbooks				
Other Objects				
Total Instruction	394,558			
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits				
Purchased Professional/Educational Services	600	\$ 75,125	\$ 14,487	\$ 8,077
Other Purchased Services	30			
Supplies and Materials				
Other Objects				
Total Support Services	630	75,125	14,487	8,077
Total Expenditures	\$ 395,188	\$ 75,125	\$ 14,487	\$ 8,077

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	NJ	Nonpublic Handicapped Services (Chapter 193)			Totals June 30, 2016
	Achievement Coaches Grant	Supplementary Instruction	Examination & Classification	Corrective Speech	
REVENUE:					
State Sources	\$ 69,991	\$ 120,896	\$ 118,971	\$ 20,234	\$ 678,827
Federal Sources					1,573,299
Local Sources					404,269
Total Revenue	69,991	120,896	118,971	20,234	2,656,395
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					104,448
Total Revenue and Other Financing Sources	\$ 69,991	\$ 120,896	\$ 118,971	\$ 20,234	\$ 2,760,843
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 2,000				\$ 523,705
Purchased Professional and Technical Services					28,849
Other Purchased Services					900,000
General Supplies					82,263
Textbooks					60,004
Other Objects					720
Total Instruction	2,000				1,595,541
Support Services:					
Personal Services - Salaries	49,170				57,161
Personal Services - Employee Benefits	3,915				10,136
Purchased Professional/Educational Services	11,000	\$ 120,896	\$ 118,971	\$ 20,234	1,035,129
Other Purchased Services					40,706
Supplies and Materials	3,906				15,030
Other Objects					7,140
Total Support Services	67,991	120,896	118,971	20,234	1,165,302
Total Expenditures	\$ 69,991	\$ 120,896	\$ 118,971	\$ 20,234	\$ 2,760,843

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, 2016

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 447,593	\$ 384,805	\$ 62,788
Other Salaries for Instruction	146,439	471	145,968
General Supplies	10,000	9,282	718
Total Instruction	<u>604,032</u>	<u>394,558</u>	<u>209,474</u>
Support Services:			
Purchased Professional/Educational Services	600	600	
Other Purchased Services	800	30	770
Total Support Services	<u>1,400</u>	<u>630</u>	<u>770</u>
Total Expenditures	<u>\$ 605,432</u>	<u>\$ 395,188</u>	<u>\$ 210,244</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-2016 Preschool Education Aid Allocation	\$ 49,500
Add: Actual Preschool Education Carryover (June 30, 2015)	-0-
Add: Budgeted Transfer from the General Fund 2015-16	104,448
Add: Budgeted Tuition 2015-16	<u>241,240</u>
Total Preschool Education Aid Funds Available for 2015-2016 Budget	395,188
Less: 2015-2016 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(395,188)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-0-
Add: June 30, 2016 Unexpended Preschool Education Aid	-0-
Less: 2015-2016 Commissioner-approved Transfer to the General Fund	<u>-0-</u>
2015-2016 Carryover - Preschool Education Aid	<u>\$ -0-</u>
2015-2016 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2016-2017	<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, 2016

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ (241,819)
Transfer from Capital Reserve	4,578,625
Transfer from Capital Outlay	<u>639,300</u>
Total Revenue and Other Financing Sources	<u>4,976,106</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	488,781
Construction Services	3,556,851
Transfer to General Fund:	
Unexpended Balances - Capital Reserve	<u>378,846</u>
Total Expenditures and Other Financing Uses	<u>4,424,478</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	551,628
Fund Balance - Beginning	<u>3,250,201</u>
Fund Balance - Ending	<u><u>\$ 3,801,829</u></u>
<u>Recapitulation of Fund Balance at June 30, 2016:</u>	
Committed - Year-End Encumbrances	\$ 3,155,678
Committed	<u>646,151</u>
Fund Balance per Governmental Funds (Budgetary Basis)	3,801,829
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on the GAAP Basis	<u>(513,998)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 3,287,831</u></u>
<u>Reconciliation of Revenue from Budgetary Basis to GAAP Basis:</u>	
State SDA Grant Revenue Realized (Budgetary Basis)	\$ (241,819)
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	<u>826,278</u>
State SDA Grant Revenue Realized (GAAP Basis)	<u><u>\$ 584,459</u></u>

Exhibit F-1a

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
EVERGREEN ELEMENTARY SCHOOL ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 2,548,000	\$ 2,548,000	\$ 2,548,000
Total Revenue and Other Financing Sources	\$ -0-	2,548,000	2,548,000	2,548,000
Expenditures:				
Purchased Professional and Technical Services		268,551	268,551	300,000
Construction Services		1,550,443	1,550,443	2,248,000
Total Expenditures	-0-	1,818,994	1,818,994	2,548,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 729,006	\$ 729,006	\$ -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	\$ 2,548,000
Change Orders	-0-
Revised Authorized Cost	\$ 2,548,000
Change Order Percentage	0.00%
Percentage Completion	71.39%
Original Target Completion Date	10/01/16
Revised Target Completion Date	10/31/16

Exhibit F-1b

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
McGINN ELEMENTARY SCHOOL ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 2,030,625	\$ 2,030,625	\$ 2,030,625
Total Revenue and Other Financing Sources	\$ -0-	2,030,625	2,030,625	2,030,625
Expenditures:				
Purchased Professional and Technical Services		84,193	84,193	120,000
Construction Services		1,268,595	1,268,595	1,910,625
Total Expenditures	-0-	1,352,788	1,352,788	2,030,625
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 677,837	\$ 677,837	\$ -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	\$ 2,030,625
Change Orders	-0-
Revised Authorized Cost	\$ 2,030,625
Change Order Percentage	0.00%
Percentage Completion	66.62%
Original Target Completion Date	10/01/16
Revised Target Completion Date	10/31/16

Exhibit F-1c

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PARK MIDDLE SCHOOL PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Outlay		\$ 639,300	\$ 639,300	\$ 639,300
Total Revenue and Other Financing Sources	\$ -0-	639,300	639,300	639,300
Expenditures:				
Purchased Professional and Technical Services		102,457	102,457	147,100
Construction Services				492,200
Total Expenditures	-0-	102,457	102,457	639,300
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ -0-	\$ 536,843	\$ 536,843	\$ -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	\$ 639,300
Change Orders	-0-
Revised Authorized Cost	\$ 639,300
Change Order Percentage	0.00%
Percentage Completion	16.03%
Original Target Completion Date	02/10/17
Revised Target Completion Date	02/10/17

Exhibit F-1d

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, 2016

	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	95,251	\$ -0-	95,251	95,251
Expenditures:				
Purchased Professional and Technical Services	7,425	1,485	8,910	8,910
Construction Services		31,568	31,568	86,341
Total Expenditures	7,425	33,053	40,478	95,251
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 87,826	\$ (33,053)	\$ 54,773	\$ -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	100.00%
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
TERRILL MIDDLE SCHOOL - SECURITY ALARM SYSTEM PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	90,841	\$ -0-	90,841	90,841
Expenditures:				
Purchased Professional and Technical Services	7,425	1,485	8,910	8,910
Construction Services		43,020	43,020	81,931
Total Expenditures	7,425	44,505	51,930	90,841
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 83,416	\$ (44,505)	\$ 38,911	\$ -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	100.00%
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, 2016

	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	728,010	\$ -0-	728,010	728,010
Expenditures:				
Purchased Professional and Technical Services	24,908	3,166	28,074	30,250
Construction Services				697,760
Total Expenditures	24,908	3,166	28,074	728,010
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 703,102	\$ (3,166)	\$ 699,936	\$ -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	3.86%
Original Target Completion Date	12/31/15
Revised Target Completion Date	10/31/16

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, 2016

	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	1,091,490	\$ -0-	1,091,490	1,091,490
Expenditures:				
Purchased Professional and Technical Services	23,800	3,810	27,610	30,250
Construction Services				1,061,240
Total Expenditures	23,800	3,810	27,610	1,091,490
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 1,067,690	\$ (3,810)	\$ 1,063,880	\$ -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	2.53%
Original Target Completion Date	12/31/15
Revised Target Completion Date	10/31/16

Exhibit F-1h

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SCHOOL ONE ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	30,144	\$ -0-	30,144	30,144
Expenditures:				
Purchased Professional and Technical Services	4,217	843	5,060	5,060
Construction Services		24,651	24,651	25,084
Total Expenditures	4,217	25,494	29,711	30,144
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 25,927	\$ (25,494)	\$ 433	\$ -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	100.00%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1i

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BRUNNER ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	\$ (381)	17,613	17,613
Total Revenue and Other Financing Sources	30,078	(381)	29,697	29,697
Expenditures:				
Purchased Professional and Technical Services	4,217	843	5,060	5,060
Construction Services		24,427	24,427	24,637
Total Expenditures	4,217	25,270	29,487	29,697
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 25,861	\$ (25,651)	\$ 210	\$ -0-

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	(513)
Revised Authorized Cost	\$ 29,697
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1j

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
COLES ELEMENTARY SCHOOL - SECURITY ALARM SYSTEM PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	\$ 381	18,639	18,639
Total Revenue and Other Financing Sources	30,342	381	30,723	30,723
Expenditures:				
Purchased Professional and Technical Services	4,217	843	5,060	5,060
Construction Services		25,663	25,663	25,663
Total Expenditures	4,217	26,506	30,723	30,723
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 26,125	\$ (26,125)	\$ -0-	\$ -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	513
Revised Authorized Cost	\$ 30,723
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	08/27/15
Revised Target Completion Date	10/09/15

Exhibit F-1k

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SCOTCH PLAINS-FANWOOD HIGH SCHOOL - HVAC REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 557,663	\$ (128,719)	\$ 428,944	\$ 557,663
Transfer from Capital Reserve	836,495	(193,078)	643,417	836,495
Total Revenue and Other Financing Sources	1,394,158	(321,797)	1,072,361	1,394,158
Expenditures:				
Purchased Professional and Technical Services	87,100		87,100	87,100
Construction Services	841,554	143,707	985,261	1,307,058
Total Expenditures	928,654	143,707	1,072,361	1,394,158
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 465,504	\$ (465,504)	\$ -0-	\$ -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	100.00%
Original Target Completion Date	09/11/14
Revised Target Completion Date	10/20/14

Exhibit F-11

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, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 336,274	\$ (79,777)	\$ 256,497	\$ 336,274
Transfer from Capital Reserve	504,411	(119,667)	384,744	504,411
Total Revenue and Other Financing Sources	840,685	(199,444)	641,241	840,685
Expenditures:				
Purchased Professional and Technical Services	37,807	2,681	40,488	65,513
Construction Services	531,401	69,352	600,753	775,172
Total Expenditures	569,208	72,033	641,241	840,685
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 271,477	\$ (271,477)	\$ -0-	\$ -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	100.00%
Original Target Completion Date	09/28/14
Revised Target Completion Date	11/15/14

Exhibit F-1m

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, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 120,120	\$ (17,227)	\$ 102,893	\$ 120,120
Transfer from Capital Reserve	180,179	(25,839)	154,340	180,179
Total Revenue and Other Financing Sources	300,299	(43,066)	257,233	300,299
Expenditures:				
Purchased Professional and Technical Services	31,900	7,250	39,150	36,250
Construction Services		218,083	218,083	264,049
Total Expenditures	31,900	225,333	257,233	300,299
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 268,399	\$ (268,399)	\$ -0-	\$ -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	100.00%
Original Target Completion Date	09/01/15
Revised Target Completion Date	09/01/15

Exhibit F-1n

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TERRILL MIDDLE SCHOOL - ROOF REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 350,231	\$ (16,096)	\$ 334,135	\$ 350,231
Transfer from Capital Reserve	525,346	(24,144)	501,202	525,346
Total Revenue and Other Financing Sources	875,577	(40,240)	835,337	875,577
Expenditures:				
Purchased Professional and Technical Services	36,299	2,925	39,224	39,000
Construction Services	698,453	97,660	796,113	836,577
Total Expenditures	734,752	100,585	835,337	875,577
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 140,825	\$ (140,825)	\$ -0-	\$ -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	100.00%
Original Target Completion Date	09/28/14
Revised Target Completion Date	11/15/14

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 - FIRE ALARM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	358,267	\$ (9,097)	349,170	358,267
Total Revenue and Other Financing Sources	452,000	(9,097)	442,903	452,000
Expenditures:				
Purchased Professional and Technical Services	23,334	4,666	28,000	28,000
Construction Services	381,430	33,473	414,903	424,000
Total Expenditures	404,764	38,139	442,903	452,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 47,236	\$ (47,236)	\$ -0-	\$ -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	100.00%			
Original Target Completion Date	12/19/14			
Revised Target Completion Date	10/31/15			

Exhibit F-1p

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, 2016

	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	\$ (7,021)	177,375	184,396
Total Revenue and Other Financing Sources	256,500	(7,021)	249,479	256,500
Expenditures:				
Purchased Professional and Technical Services	17,917	3,583	21,500	21,500
Construction Services	201,770	26,209	227,979	235,000
Total Expenditures	219,687	29,792	249,479	256,500
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 36,813	\$ (36,813)	\$ -0-	\$ -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	100.00%
Original Target Completion Date	12/19/14
Revised Target Completion Date	10/31/15

PROPRIETARY FUNDS

Exhibit G-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Food Service	Summer Community Education Program	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 541,761	\$ 126,881	\$ 668,642
Accounts Receivable:			
Other Governments:			
Federal	15,476		15,476
State	979		979
Inventories	5,543		5,543
Total Current Assets	563,759	126,881	690,640
Non-Current Assets:			
Capital Assets	632,948		632,948
Less: Accumulated Depreciation	(213,982)		(213,982)
Total Non-Current Assets	418,966	-0-	418,966
Total Assets	982,725	126,881	1,109,606
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	39,694		39,694
Interfund Payable - General Fund	62,612	450	63,062
Unearned Revenue:			
Prepaid Sales	43,331		43,331
Total Current Liabilities	145,637	450	146,087
Total Liabilities	145,637	450	146,087
<u>NET POSITION:</u>			
Investment in Capital Assets	418,966		418,966
Unrestricted	418,122	126,431	544,553
Total Net Position	\$ 837,088	\$ 126,431	\$ 963,519

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, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	
	Food Service	Summer Community Education Program	Total
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Reimbursable Programs	\$ 499,927		\$ 499,927
Non-Reimbursable Programs	847,078		847,078
Total Daily Sales	1,347,005		1,347,005
Special Events	9,106		9,106
Program Fees		\$ 59,352	59,352
Total Operating Revenue	1,356,111	59,352	1,415,463
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	457,837		457,837
Non-Reimbursable Programs	216,975		216,975
Total Cost of Sales	674,812		674,812
Salaries	499,482	46,862	546,344
Payroll Taxes	72,512		72,512
Employee Benefits	43,310		43,310
Purchased Property Services	19,815		19,815
Management Fee	78,326		78,326
Insurance	65,146		65,146
Supplies and Materials	46,622	2,931	49,553
Depreciation Expense	31,468		31,468
Total Operating Expenses	1,531,493	49,793	1,581,286
Operating Income/(Loss)	(175,382)	9,559	(165,823)
Non-Operating Revenue:			
Federal Sources:			
National School Lunch Program	201,321		201,321
Special Milk Program	5,860		5,860
Food Distribution Program	83,540		83,540
State Sources:			
School Lunch Program	12,803		12,803
Local Sources - Interest Revenue	715	125	840
Total Non-Operating Revenue	304,239	125	304,364
Change in Net Position Before Other Item	128,857	9,684	138,541
Other Item - Disposal of Capital Assets, Net	(5,536)		(5,536)
Change in Net Position	123,321	9,684	133,005
Net Position - Beginning of Year	713,767	116,747	830,514
Net Position - End of Year	\$ 837,088	\$ 126,431	\$ 963,519

Exhibit G-3

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	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	\$ 1,354,450	\$ 59,352	\$ 1,413,802
Payments to Employees	(48,504)	(46,862)	(95,366)
Payments to Food Service Vendor	(1,346,018)		(1,346,018)
Payments to Suppliers	(8,317)	(2,481)	(10,798)
Net Cash Provided by/(Used for) Operating Activities	(48,389)	10,009	(38,380)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(50,204)		(50,204)
Net Cash Used for Capital Financing Activities	(50,204)	-0-	(50,204)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	204,156		204,156
State Sources	12,967		12,967
Net Cash Provided by Noncapital Financing Activities	217,123	-0-	217,123
Cash Flows from Investing Activities:			
Interest Revenue	715	125	840
Net Cash Provided by Investing Activities	715	125	840
Net Increase in Cash and Cash Equivalents	119,245	10,134	129,379
Cash and Cash Equivalents, July 1	422,516	116,747	539,263
Cash and Cash Equivalents, June 30	\$ 541,761	\$ 126,881	\$ 668,642
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (175,382)	\$ 9,559	\$ (165,823)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	31,468		31,468
Federal Food Distribution Program	83,540		83,540
Changes in Assets and Liabilities:			
Decrease in Inventory	5,198		5,198
Increase in Accounts Payable	11,819		11,819
Increase/(Decrease) in Interfund Payable	(3,371)	450	(2,921)
(Decrease) in Unearned Revenue	(1,661)		(1,661)
Net Cash Provided by/(Used for) Operating Activities	\$ (48,389)	\$ 10,009	\$ (38,380)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$83,540 for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

Exhibit H-1

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>			<u>Total</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 199,397	\$ 373,757	\$ 573,154	\$ 811,378	\$ 31,702
Total Assets	199,397	373,757	573,154	811,378	31,702
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	199,397	373,757	373,757		
Total Liabilities	199,397	373,757	573,154	-0-	-0-
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims				811,378	
Flexible Spending Claims					31,702
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 811,378	\$ 31,702

Exhibit H-2

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 73,509	\$ 47,450
Employer	125,000	
Total Contributions	<u>198,509</u>	<u>47,450</u>
Investment Earnings:		
Interest	953	28
Net Investment Earnings	<u>953</u>	<u>28</u>
Total Additions	<u>199,462</u>	<u>47,478</u>
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	52,085	
Flexible Spending Claims		35,885
Total Deductions	<u>52,085</u>	<u>35,885</u>
Change in Net Position	147,377	11,593
Net Position - Beginning of the Year	<u>664,001</u>	<u>20,109</u>
Net Position - End of the Year	<u><u>\$ 811,378</u></u>	<u><u>\$ 31,702</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, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 228,900	\$ 844,632	\$ 874,135	\$ 199,397
Total Assets	<u>\$ 228,900</u>	<u>\$ 844,632</u>	<u>\$ 874,135</u>	<u>\$ 199,397</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Interfund Payable:				
General Fund	\$ 9,781		\$ 9,781	
Due to Student Groups	<u>219,119</u>	<u>\$ 844,632</u>	<u>864,354</u>	<u>\$ 199,397</u>
Total Liabilities	<u>\$ 228,900</u>	<u>\$ 844,632</u>	<u>\$ 874,135</u>	<u>\$ 199,397</u>

Exhibit H-4

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Senior High School:				
Scotch Plains-Fanwood	\$ 145,569	\$ 489,596	\$ 504,493	\$ 130,672
Student Athletic Account	4,766	105,436	107,250	2,952
Middle Schools:				
Park	6,541	52,150	54,844	3,847
Terrill	10,385	91,380	78,284	23,481
Elementary Schools	582	13,491	13,505	568
Music Fund	51,276	92,579	105,978	37,877
Total All Schools	<u>\$ 219,119</u>	<u>\$ 844,632</u>	<u>\$ 864,354</u>	<u>\$ 199,397</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, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 368,178	\$ 51,536,756	\$ 51,531,177	\$ 373,757
Total Assets	<u>\$ 368,178</u>	<u>\$ 51,536,756</u>	<u>\$ 51,531,177</u>	<u>\$ 373,757</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund		\$ 1,167	\$ 1,167	
Payroll Deductions and Withholdings	\$ 368,178	51,535,589	51,530,010	\$ 373,757
Total Liabilities	<u>\$ 368,178</u>	<u>\$ 51,536,756</u>	<u>\$ 51,531,177</u>	<u>\$ 373,757</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, 2016		Interest Rate	Balance July 1, 2015	Retired/Matured	Balance June 30, 2016
			Date	Amount				
School Refunding Bonds	02/11/10	\$ 12,180,000	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%			
					<u>\$ 9,065,000</u>	<u>\$ 1,225,000</u>	<u>\$ 7,840,000</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, 2015</u>	<u>Issued</u>	<u>Retired/ Matured</u>	<u>Balance June 30, 2016</u>
Computer Equipment	1.547%	\$ 800,000	\$ 189,737		\$ 189,737	
Computer and Technology Equipment	1.047%	550,000	288,339		143,419	\$ 144,920
Computer Equipment	1.140%	570,000	425,095		140,095	285,000
Technology Equipment	1.469%	647,000	<u> </u>	<u>\$ 647,000</u>	<u>164,696</u>	<u>482,304</u>
			<u>\$ 903,171</u>	<u>\$ 647,000</u>	<u>\$ 637,947</u>	<u>\$ 912,224</u>

Exhibit I-3

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,581,675		\$ 1,581,675	\$ 1,581,675	
Total Revenues	1,581,675		1,581,675	1,581,675	
EXPENDITURES:					
Regular Debt Service:					
Interest	356,675		356,675	356,675	
Redemption of Principal	1,225,000		1,225,000	1,225,000	
Total Regular Debt Service	1,581,675		1,581,675	1,581,675	
Total Expenditures	1,581,675		1,581,675	1,581,675	
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.

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 43,692,898
Special Education	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	10,934,944
Other Special Instruction	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	1,563,583
Other Instruction	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	2,000,304
Support Services:										
Tuition	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	5,831,628
Student & Instruction Related Services	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	15,474,770
General Administrative Services	2,740,923	1,054,929	979,670	1,028,764	933,389	1,016,294	977,288	956,102	995,246	997,976
School Administrative Services	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	4,738,566
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	1,554,422
Administrative Information Technology		542,494	521,197	503,050	468,516	395,203	534,482	452,867	530,507	562,430
Plant Operations and Maintenance	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	12,109,564
Pupil Transportation	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	3,357,758
Special Schools										
Charter Schools		17,284	9,653	46,894	28,347		12,452		29,914	13,382
Capital Outlay	1,243,230									
Interest on Long-term Debt	905,325	856,669	883,477	676,764	634,086	568,395	508,890	434,941	385,708	350,352
Unallocated Depreciation	1,715,442	1,696,066	972,500	971,967	1,144,601	1,135,544	1,200,658	995,807	1,022,329	1,099,731
Total Governmental Activities Expenses	79,923,518	82,168,023	82,390,602	83,649,161	82,077,604	83,063,531	87,329,837	86,513,341	96,215,056	104,282,308
Business-Type Activities:										
Food Service	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	1,531,493
Summer Community Education Program	51,393	75,818	83,622	85,797	61,365	52,188	63,149	52,971	48,441	49,793
Total Business-Type Activities Expenses	1,138,569	1,312,860	1,353,394	1,320,923	1,367,957	1,591,551	1,472,118	1,522,845	1,474,534	1,581,286
Total District-Wide Expenses	81,062,087	83,480,883	83,743,996	84,970,084	83,445,561	84,655,082	88,801,955	88,036,186	97,689,590	105,863,594
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	46,197							106,293	3,493	
Instruction (Preschool Tuition)				229,550	225,670	299,174	343,687	274,795	238,535	241,240
Other Instruction (Student Activity Fees)				135,600	111,820					
Operating Grants and Contributions	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	24,893,790
Capital Grants and Contributions		634,534	12,264	224,561	312,842				819,288	584,459
Total Governmental Activities Program Revenues	13,208,994	13,961,806	11,212,100	12,425,345	10,028,037	11,259,227	13,135,354	12,643,381	22,224,214	25,719,489

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 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	\$ 1,356,111
Summer Community Education Program	122,056	70,142	65,704	72,726	61,958	70,216	66,470	59,215	42,858	59,352
Operating Grants and Contributions	173,465	217,652	224,017	263,493	265,235	287,189	276,272	274,297	288,009	303,524
Total Business-Type Activities Revenues	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	1,718,987
Total District-wide Program Revenues	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	27,438,476
Net (Expense)/Revenue:										
Governmental Activities	(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)	(78,562,819)
Business-Type Activities	214,907	104,579	58,201	133,469	75,371	(33,150)	42,520	75,617	57,449	137,701
Total District-wide Net (Expense)/Revenue	(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)	(78,425,118)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	81,930,358
Taxes Levied for Debt Service	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	1,581,675
Unrestricted Grants and Contributions	458,060	568,314	422,447	422,540	69,752	25,731	117,930	126,928	234,511	211,565
Investment Earnings	498,482	293,172	90,716	33,365	24,112	2,036	17,010	21,155	23,388	37,390
Miscellaneous Income	53,505	284,729	519,692	224,994	1,132,322	148,776	299,192	142,137	331,386	369,354
Total Governmental Activities General Revenues and Other Changes in Net Position	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	84,130,342
Business-type Activities:										
Investment Earnings	17,159	7,205	2,564	1,191	954	729	557	577	554	840
Disposal of Capital Assets, Net										(5,536)
Total Business-type Activities General Revenues and Other Changes in Net Position	17,159	7,205	2,564	1,191	954	729	557	577	554	(4,696)
Total District-wide General Revenues and Other Changes in Net Position	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	84,125,646
Change in Net Position:										
Governmental Activities	(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	5,567,523
Business-Type Activities	232,066	111,784	60,765	134,660	76,325	(32,421)	43,077	76,194	58,003	133,005
Total District-Wide Change in Net Position	\$ (844,930)	\$ 917,687	\$ 12,772	\$ 3,058,489	\$ 5,704,461	\$ 3,743,156	\$ 2,701,256	\$ 4,488,440	\$ 7,835,788	\$ 5,700,528

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 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	\$ 83,512,033
Tuition Charges	46,197			229,550	225,670	299,174	343,687	106,293	3,493	
Interest Earnings	498,482	293,172	90,716							
Miscellaneous	53,505	277,976	519,692	393,959	299,769	129,920	316,202	163,292	368,899	433,525
Local Sources	66,439	76,711	126,819	127,151	101,925	135,195	126,137	438,815	357,105	393,816
State Sources	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	13,769,750
Federal Sources	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	1,593,353
Total Revenues	78,846,522	82,967,173	82,342,609	86,572,990	86,424,413	86,818,216	89,988,016	90,925,587	96,045,156	99,702,477
Expenditures:										
Instruction:										
Regular Instruction	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	26,079,959
Special Education Instruction	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	6,804,505
Other Special Instruction	844,824	800,617	780,118	853,019	771,855	709,762	713,997	835,441	849,986	911,160
School Sponsored/Other Instruction	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	1,290,430
Support Services:										
Tuition	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	5,831,628
Student & Instruction Related Services	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	10,510,946
General Administrative Services	956,225	864,174	775,710	811,213	768,157	802,193	731,459	763,133	774,347	768,763
School Administrative Services	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	2,766,264
Central Services	1,014,843	972,279	1,026,734	1,027,952	996,535	829,361	883,667	963,399	926,432	955,902
Administrative Information Technology	389,464	394,652	380,180	373,367	405,678	310,974	409,114	364,808	408,248	392,072
Plant Operations and Maintenance	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	7,129,027
Pupil Transportation	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	3,057,735
Allocated Benefits								1,004,782	1,096,682	1,173,506
Unallocated Benefits	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	22,002,712
Charter Schools		17,284	9,653	46,894	28,347		12,452		29,914	13,382
Capital Outlay	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	8,964,239
Debt Service:										
Principal	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	1,225,000
Interest and Other Charges	931,628	865,256	849,005	654,735	583,251	551,114	499,082	449,650	399,850	356,675
Total Expenditures	81,106,171	84,613,924	83,958,736	85,974,982	83,843,274	83,521,507	89,422,338	89,563,838	92,073,344	100,233,905
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(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	(531,428)

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses):										
Premium on Temporary Note Capital Leases (non-budgeted)		\$ 6,753								
Prior Year Accounts Payable Canceled			\$ 996,935	\$ 540,000	\$ 540,000	\$ 640,000	\$ 800,000	\$ 550,000	\$ 570,000	\$ 647,000
Unexpended Balance of School Refunding Bonds Issuance Costs						20,892				
Transfers In	\$ 315,257	6,753	1,373,520	1,405,018	816,690			2,960,714	2,024,194	5,701,219
Transfers Out	(315,257)	(6,753)	(873,520)	(531,718)	(189,990)			(2,960,714)	(2,024,194)	(5,701,219)
Total Other Financing Sources (Uses)	-0-	6,753	1,496,935	1,413,300	2,135,185	660,892	800,000	550,000	570,000	647,000
Net Change in Fund Balances	\$ (2,259,649)	\$ (1,639,998)	\$ (119,192)	\$ 2,011,308	\$ 4,716,324	\$ 3,957,601	\$ 1,365,678	\$ 1,911,749	\$ 4,541,812	\$ 115,572
Debt Service as a Percentage of Noncapital Expenditures	3.2%	3.0%	3.5%	3.3%	3.1%	2.2%	2.0%	2.0%	1.9%	1.7%

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>
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
2016	37,390				396,135	433,525

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 ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2015	1,700,600	209,937,400	-0-	-0-	14,485,000	2,269,700	-0-	228,392,700	95,240	228,487,940	7,808,700	7.890	1,092,779,236

TOWNSHIP OF SCOTCH PLAINS

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2015	7,825,700	889,896,600	1,047,100	14,500	56,888,700	6,431,500	25,155,500	987,259,600	861,212	988,120,812	215,159,800	6.529	3,964,641,341

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.

Exhibit J-7

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED

(Rate per \$100 of Assessed Value)

BOROUGH OF FANWOOD

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Borough of Fanwood	Union County	
		Service ^b	Total Direct			
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
2015	7.7406	0.1494	7.890	2.785	2.567	13.242

TOWNSHIP OF SCOTCH PLAINS

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Township of Scotch Plains	Union County	
		Service ^b	Total Direct			
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
2015	6.3971	0.1319	6.529	1.641	2.150	10.320

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	2015			2006		
	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%			
Fanwood Crossing II, Urban Renewal	1,255,800	2	0.55%			
Partners Profit Fanwood Group LLC	943,500	3	0.41%			
250 South Avenue, Urban Renewal	860,000	4	0.38%			
Fanwood Plaza Partners I	827,000	5	0.36%			
Fanwood Plaza Partners I	669,200	6	0.29%			
105 South Ave LLC - A&P	600,000	7	0.26%	\$ 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%			
CRP Fanwood LLC				2,464,900	1	1.10%
Fanwood Plaza Partners				827,000	2	0.37%
Individual Taxpayer #1				558,200	4	0.25%
Individual Taxpayer #2				479,500	5	0.21%
Seaboard Associates				477,500	6	0.21%
Messercola Bros. Realty Co. LLC				403,500	7	0.18%
Exxon Corporation				393,800	8	0.18%
MJC @ South Ave., LLC				273,500	9	0.12%
South Ave Fanwood, LLC				273,500	10	0.12%
Total	\$ 9,119,000		3.99%	\$ 6,751,400		3.01%

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2015			2006		
	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	1.21%
Ashbrook Manor	7,500,000	2	0.76%	7,500,000	2	0.76%
Riverside Village	2,900,000	3	0.29%	2,900,000	5	0.29%
Snuffy Pantagis	2,696,400	4	0.27%	4,650,000	4	0.47%
Automatic Associates	1,900,000	5	0.19%	1,100,000	10	0.11%
Dornbush	1,750,000	6	0.18%	1,750,000	6	0.18%
NJ Golf Partners LLC	1,687,500	7	0.17%			
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%	1,200,000	9	0.12%
Shackamaxon Country Club				5,462,200	3	0.55%
Public Storage, Inc.				1,430,000	7	0.14%
Ashbrook Manor Associates				1,406,400	8	0.14%
Total	\$ 30,677,100		3.10%	\$ 39,371,800		3.97%

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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2016	18,027,754	18,027,754	100.00%	-0-

TOWNSHIP OF SCOTCH PLAINS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2016	65,484,279	65,484,279	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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 19,532,600	\$ -0-	\$1,064,480	\$ -0-	\$ -0-	\$20,597,080	1.36%	\$ 690.60
2008	17,976,750	-0-	513,359	2,000,000	-0-	20,490,109	1.34%	686.92
2009	16,431,900	-0-	964,214	1,500,000	-0-	18,896,114	1.20%	632.21
2010	15,347,550	-0-	957,614	626,700	-0-	16,931,864	1.12%	561.07
2011	14,061,700	-0-	897,976	-0-	-0-	14,959,676	0.94%	484.13
2012	12,805,850	-0-	889,460	-0-	-0-	13,695,310	0.82%	441.14
2013	11,555,000	-0-	1,048,686	-0-	-0-	12,603,686	0.74%	403.58
2014	10,305,000	-0-	968,545	-0-	-0-	11,273,545	0.65%	358.16
2015	9,065,000	-0-	903,171	-0-	-0-	9,968,171	0.55%	315.49
2016	7,840,000	-0-	912,224	-0-	-0-	8,752,224	0.48%	275.23

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 ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	455.07
2012	12,805,850	-0-	12,805,850	1.048%	412.49
2013	11,555,000	-0-	11,555,000	0.948%	370.00
2014	10,305,000	-0-	10,305,000	0.846%	327.39
2015	9,065,000	-0-	9,065,000	0.745%	286.90
2016	7,840,000	-0-	7,840,000	0.644%	246.54

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, 2015
UNAUDITED

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Fanwood	\$ 15,370,923	100.00%	\$ 15,370,923
Township of Scotch Plains	18,612,699	100.00%	18,612,699
Union County General Obligation Debt	569,248,112	7.84%	44,601,101
Subtotal, Overlapping Debt			78,584,723
Scotch Plains-Fanwood Regional School District Direct Debt			7,840,000
Total Direct and Overlapping Debt			<u>\$ 86,424,723</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				
	2007	2008	2009	2010	2011
Debt Limit	\$ 184,600,382	\$ 203,299,156	\$ 215,485,944	\$ 217,924,045	\$ 213,492,146
Total Net Debt Applicable to Limit	20,597,080	20,490,109	18,896,114	16,931,864	14,959,676
Legal Debt Margin	<u>\$ 164,003,302</u>	<u>\$ 182,809,047</u>	<u>\$ 196,589,830</u>	<u>\$ 200,992,181</u>	<u>\$ 198,532,470</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.16%	10.08%	8.77%	7.77%	7.01%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 208,608,930	\$ 202,949,839	\$ 200,407,407	\$ 199,304,824	\$ 201,786,674
Total Net Debt Applicable to Limit	13,695,310	12,603,686	11,273,545	9,968,171	8,752,224
Legal Debt Margin	<u>\$ 194,913,620</u>	<u>\$ 190,346,153</u>	<u>\$ 189,133,862</u>	<u>\$ 189,336,653</u>	<u>\$ 193,034,450</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.57%	6.21%	5.63%	5.00%	4.34%

Legal Debt Margin Calculation for Fiscal Year 2016

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
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
2015	1,143,679,019	3,995,384,864	5,139,063,883
	<u>\$ 3,323,655,326</u>	<u>\$ 11,810,345,203</u>	<u>\$ 15,134,000,529</u>
Average Equalized Valuation of Taxable Property			<u>\$ 5,044,666,843</u>
Debt Limit (4% of Average Equalization Value) ^a			\$ 201,786,674
Net Bonded School Debt			<u>8,752,224</u>
Legal Debt Margin			<u>\$ 193,034,450</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 ^a	Union County Per Capita Personal Income ^b	Personal Income ^c	Borough Unemployment Rate ^d
2006	7,066	\$ 50,806	\$ 358,995,196	2.9%
2007	7,078	51,393	363,759,654	2.6%
2008	7,072	52,871	373,903,712	3.4%
2009	7,124	50,238	357,895,512	6.0%
2010	7,333	51,388	376,828,204	6.1%
2011	7,368	53,506	394,232,208	6.1%
2012	7,406	54,649	404,730,494	6.1%
2013	7,471	54,889	410,075,719	6.5%
2014	7,506	57,306	430,138,836	4.3%
2015	7,651	57,306 *	438,448,206 *	3.6%

TOWNSHIP OF SCOTCH PLAINS

Year	Population ^a	Union County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2006	22,759	\$ 50,806	\$ 1,156,293,754	2.7%
2007	22,751	51,393	1,169,242,143	2.5%
2008	22,817	52,871	1,206,357,607	3.2%
2009	23,054	50,238	1,158,186,852	5.6%
2010	23,567	51,388	1,211,060,996	5.7%
2011	23,677	53,506	1,266,861,562	5.7%
2012	23,824	54,649	1,301,957,776	5.7%
2013	24,005	54,889	1,317,610,445	5.3%
2014	24,090	57,306	1,380,501,540	4.8%
2015	24,149	57,306 *	1,383,882,594 *	4.1%

* - Latest Union County per capita personal income data available (2014) 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>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>2016</u>
Instruction:										
Regular	377	377	370	374	370	363	369	376	376	369
Special Education	59	59	61	55	60	64	64	66	67	71
Support Services:										
Student & Instruction Related Services	164	164	161	161	160	154	161	162	164	188
General Administrative Services	3	3	3	3	3	3	3	3	3	3
School Administrative Services	32	32	32	32	32	32	32	32	32	31
Plant Operations and Maintenance	70	70	67	66	65	65	65	66	66	66
Pupil Transportation	7	7	7	7	7	7	7	7	7	7
Business and Other Support Services	17	17	15	16	15	14	16	15	16	16
Food Service	4	4	4	4	2	2	2	2	2	2
Total	<u>733</u>	<u>733</u>	<u>720</u>	<u>718</u>	<u>714</u>	<u>704</u>	<u>719</u>	<u>729</u>	<u>733</u>	<u>753</u>

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 ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
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	19.6:1	14.5:1	16.7:1	5,427	5,210	-0.66%	96.00%
2016	5,566	89,687,991	16,114	4.46%	468	18:1	14.8:1	16.7:1	5,435	5,222	0.15%	96.08%

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).

Source: Scotch Plains-Fanwood Regional School District records.

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

<u>District Building</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>2016</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	468	460	463	407	411	410	426	417	399	422
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	545	528	519	552	539	517	500	496	456	474
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	370	395	405	415	414	418	402	386	405	388
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	475	474	494	481	485	485	481	482	494
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	390	388	389	392	375	379	376	380	396	392
<u>Middle Schools</u>										
Park (1922)										
Square Feet	114,483	114,483	114,483	114,483	114,483	117,633	117,633	117,633	117,633	117,633
Capacity (students)	795	795	795	795	795	895	895	895	895	895
Enrollment	745	794	823	875	924	927	932	937	932	913
Terrill (1964)										
Square Feet	94,179	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973
Capacity (students)	637	737	737	737	737	737	737	737	737	737
Enrollment	863	841	847	858	847	865	841	825	827	835

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

<u>District Building</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>2016</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	1,502	1,461	1,467	1,426	1,483	1,505	1,537	1,560	1,573	1,569
<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, 2016
 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,									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Howard B. Brunner Elementary	N/A	\$ 74,405	\$ 69,235	\$ 75,664	\$ 77,393	\$ 90,271	\$ 68,977	\$ 79,216	\$ 179,825	\$ 162,404	\$ 88,222
J. Ackerman Coles Elementary	N/A	65,104	73,622	80,458	77,806	90,753	69,345	79,120	103,788	159,913	119,766
Evergreen Elementary	N/A	74,405	59,577	65,109	56,550	65,959	59,113	58,742	108,119	62,731	70,660
William J. McGinn Elementary	N/A	74,405	67,742	74,032	72,192	84,206	64,343	74,028	152,349	156,632	133,765
School One Elementary	N/A	55,804	63,247	69,119	67,826	79,113	60,451	69,976	91,344	296,505	140,961
Park Middle	N/A	120,908	155,581	170,027	175,171	204,320	175,088	193,468	342,075	417,937	250,521
Terrill Middle	N/A	139,509	128,091	139,984	149,909	174,854	137,747	163,245	227,646	535,643	694,554
Scotch Plains-Fanwood High	N/A	325,522	315,645	344,951	406,817	474,513	454,850	963,583	699,144	498,380	525,359
Total School Facilities		\$ 930,062	\$ 932,740	\$ 1,019,344	\$ 1,083,664	\$ 1,263,989	\$ 1,089,914	\$ 1,681,378	\$ 1,904,290	\$ 2,290,145	\$ 2,023,808

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 DISTRICTINSURANCE SCHEDULEJUNE 30, 2016UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company		
MULTI PERIL PACKAGE POLICY		
Property		
Property - Blanket Building and Contents - Replacement Cost Values	\$ 143,303,254	\$ 1,000
Extra Expense	1,000,000	1,000
Flood	5,025,000	1,000
Musical Instruments	Included in property limit	1,000
Miscellaneous Equipment	500,000	1,000
Computer Equipment	Included in property limit	1,000
Demolition/Increase Cost of Construction	Included in property limit	1,000
Energy Systems		
Spoilage	Included in property limit	
Commercial Liability		
Bodily Injury and Property Damage	Per occurrence 1,000,000 Aggregate 3,000,000	
Damage to Premises Rented	100,000	
Medical Expense Limit (excluding students)	10,000	
Employee Benefit Liability	Per occurrence and aggregate 1,000,000/3,000,000	1,000
Crime Coverage		
Employee Dishonesty with Faithful Performance	100,000	
Theft, Disappearance and Destruction - Money and Securities - Inside and Out	25,000	
Forgery and Alteration	100,000	
Business Automotive Coverage		
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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

		<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company			
EXCESS UMBRELLA	Limit of liability	\$ 10,000,000	
Fireman's Fund			
CAP	Limit of liability (group aggregate)	50,000,000	
Selective Insurance Company			
FLOOD			
Elementary School #1 -			
Building		500,000	
Contents		500,000	
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	
Selective Insurance Company			
PUBLIC OFFICIAL BONDS			
Treasurer		400,000	
Business Administrator/Board Secretary		400,000	
New Jersey Schools Insurance Group			
Worker's Compensation		Statutory	

Source: Scotch Plains-Fanwood Regional School District records.

SINGLE AUDIT 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

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 19, 2016.

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

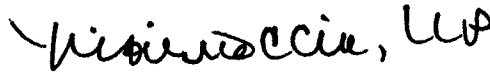
Compliance and Other Matters

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*.

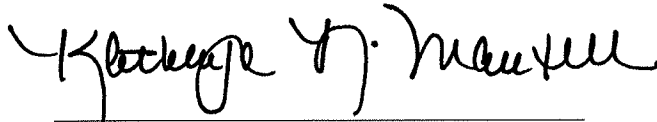
Purpose of this Report

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.

Mount Arlington, New Jersey
September 19, 2016



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

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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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, 2016.

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 the Uniform Guidance and NJOMB 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

NISIVOCCIA LLP

Mount Arlington, New Jersey
September 19, 2016

Kathryn L. Mantell

Kathryn L. Mantell
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, 2016

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, 2015				Balance at June 30, 2016		
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Amount Provided to Subrecipients
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-4670-16	7/1/15	6/30/16	\$ 1,336,525			\$ 1,336,525	\$ (1,336,525)			
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-4670-15	7/1/14	6/30/15	1,287,470	\$ (34,461)		34,461				
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-16	7/1/15	6/30/16	54,933			54,933	(54,933)			
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-15	7/1/14	6/30/15	53,566	(132)		132				
Subtotal Special Education Cluster						(34,593)		1,426,051	(1,391,458)			
No Child Left Behind:												
Title I	84.010	NCLB-4670-16	7/1/15	6/30/16	110,013			79,017	(100,301)	\$ (21,284)		
Title I	84.010	NCLB-4670-15	7/1/14	6/30/15	129,918	(6,017)		6,017				
Title II A	84.367A	NCLB-4670-16	7/1/15	6/30/16	134,092			59,998	(78,631)	(18,633)		
Title II A	84.367A	NCLB-4670-15	7/1/14	6/30/15	63,189	(24,378)		24,378				
Title III	84.365A	NCLB-4670-16	7/1/15	6/30/16	6,826				(2,909)	(2,909)		
Title III	84.365A	NCLB-4670-15	7/1/14	6/30/15	7,933	(2,786)		2,786				
Total U. S. Department of Education						(67,774)		1,598,247	(1,573,299)	(42,826)		
Total Special Revenue Fund						(67,774)		1,598,247	(1,573,299)	(42,826)		
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	7/1/15	6/30/16	18,855			18,855	(18,855)			
Total U.S. Department of Health and Human Services								18,855	(18,855)			
U.S. Department of Agriculture - Passed-through												
State Department of Agriculture:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/15	6/30/16	5,860			5,429	(5,860)	(431)		
Special Milk Program	10.556	N/A	7/1/14	6/30/15	5,379	(348)		348				
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	201,321			186,276	(201,321)	(15,045)		
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	191,575	(12,103)		12,103				
Federal Food Distribution Program	10.555	N/A	7/1/15	6/30/16	83,540			83,540	(83,540)			
Subtotal Child Nutrition Cluster						(12,451)		287,696	(290,721)	(15,476)		
Total U.S. Department of Agriculture						(12,451)		287,696	(290,721)	(15,476)		
TOTAL FEDERAL AWARDS						\$ (80,225)	\$ -0-	\$ 1,904,798	\$ (1,882,875)	\$ (58,302)	\$ -0-	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Prior Year Budgetary Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2016			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	16-495-034-5120-014	7/1/15	6/30/16	\$ 204,541			\$ 186,190							\$ (18,351)	\$ 204,541
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	204,541	\$ (18,437)		18,437								
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	2,550,339			2,321,531	(2,550,339)						(228,808)	2,550,339
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	2,550,339	(229,885)		229,885								
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	86,448			78,692	(86,448)						(7,756)	86,448
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	86,448	(7,792)		7,792								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	53,090			48,327	(53,090)						(4,763)	53,090
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	53,090	(4,786)		4,786								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	53,090			48,327	(53,090)						(4,763)	53,090
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	53,090	(4,786)		4,786								
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15	6/30/16	1,332,156				(1,332,156)		\$ (1,332,156)				(1,332,156)	1,332,156
Extraordinary Special Education Costs Aid	15-495-034-5120-044	7/1/14	6/30/15	1,038,451	(1,038,451)		1,038,451								
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	37,062				(37,062)			(37,062)			(37,062)	37,062
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	42,804	(42,804)		42,804								
TPAF Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	2,430,150			2,311,054	(2,430,150)			(119,096)			(119,096)	2,430,150
TPAF Social Security Aid	15-495-034-5094-003	7/1/14	6/30/15	2,443,154	(120,651)		120,651								
Total General Fund State Aid							(1,467,592)	6,461,713	(6,746,876)		(1,488,314)			(1,752,755)	6,746,876
Special Revenue Fund:															
NJ Nonpublic Aid:															
Technology Initiative	16-100-034-5120-373	7/1/15	6/30/16	27,534			27,534	(27,114)					\$ 420		27,114
Technology Initiative	15-100-034-5120-373	7/1/14	6/30/15	34,336		\$ 460				\$ (460)					
Security Aid	16-100-034-5120-509	7/1/15	6/30/16	26,475			26,475	(25,862)						613	25,862
Textbook Aid (Chapter 194)	16-100-034-5120-064	7/1/15	6/30/16	60,470			60,470	(60,004)						466	60,004
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	63,929		215				(215)					
Nursing Services (Chapter 226)	16-100-034-5120-070	7/1/15	6/30/16	95,310			95,310	(88,566)						6,744	88,566
Nursing Services (Chapter 226)	15-100-034-5120-070	7/1/14	6/30/15	101,776		3,977				(3,977)					
Auxiliary Services (Chapter 192):															
Compensatory Education	16-100-034-5120-067	7/1/15	6/30/16	78,511			78,511	(75,125)						3,386	75,125
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	94,059		44,411				(44,411)					
English as a Second Language	16-100-034-5120-067	7/1/15	6/30/16	1,726			1,726							1,726	
English as a Second Language	15-100-034-5120-067	7/1/14	6/30/15	914		128				(128)					
Transportation	16-100-034-5120-068	7/1/15	6/30/16	14,487			14,487	(14,487)							14,487
Transportation	15-100-034-5120-067	7/1/14	6/30/15	15,170		1,517				(1,517)					
Home Instruction	16-100-034-5120-067	7/1/15	6/30/16	8,077				(8,077)			(8,077)			(8,077)	8,077
Home Instruction	15-100-034-5120-067	7/1/14	6/30/15	23,328	(23,328)		23,328								
Handicapped Services (Chapter 193):															
Supplementary Instruction	16-100-034-5120-066	7/1/15	6/30/16	129,207			129,207	(120,896)						8,311	120,896
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	124,689		20,619				(20,619)					
Examination and Classification	16-100-034-5120-066	7/1/15	6/30/16	172,803			172,803	(118,971)						53,832	118,971
Corrective Speech	16-100-034-5120-066	7/1/15	6/30/16	25,082			25,082	(20,234)						4,848	20,234
Corrective Speech	15-100-034-5120-066	7/1/14	6/30/15	26,505		5,213				(5,213)					
NJ Achievement Coaches Program	15E00141	7/1/15	6/30/16	70,000			67,838	(69,991)			(2,153)			(2,153)	69,991
Preschool Education Aid	16-495-034-5120-086	7/1/15	6/30/16	49,500			44,550	(49,500)						(4,950)	49,500
Preschool Education Aid	15-495-034-5120-086	7/1/14	6/30/15	49,500	(4,950)		4,950								
Total Special Revenue Fund							(28,278)	76,540	772,271	(678,827)		(76,540)		(10,230)	80,346

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Prior Year Budgetary Receivable Canceled	Repayment of Prior Years' Balances	Balance at June 30, 2016			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
Enterprise Fund:															
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	\$ 12,803			\$ 11,824	\$ (12,803)			\$ (979)		\$ (979)	\$ 12,803	
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	12,102	\$ (767)		767						\$ (979)		
State School Lunch Program - Supplemental	15-100-010-3350-023	7/1/14	6/30/15	376	(376)		376								
Total Enterprise Fund					(1,143)		12,967	(12,803)			(979)		(979)	12,803	
Schools Development Authority:															
Capital Projects Fund:															
Educational Facilities Construction & Financing Act:															
Security Alarm System:															
Park Middle School	4670-060-14-1007	7/11/14	6/30/17	38,100	(38,100)			(16,191)			(16,191)		(38,100)	16,191	
Terrill Middle School	4670-065-14-1008	7/11/14	6/30/17	36,336	(36,336)			(20,772)			(20,772)		(36,336)	20,772	
School One Elementary School	4670-070-14-1015	7/11/14	6/30/17	12,058	(12,058)			(11,787)			(11,787)		(12,058)	11,787	
Brunner Elementary School	4670-080-14-1016	7/11/14	6/30/17	12,084	(12,084)			(11,756)			(11,756)		(12,084)	11,756	
Coles Elementary School	4670-085-14-1017	7/11/14	6/30/17	12,084	(12,084)			(12,084)			(12,084)		(12,084)	12,084	
Window Replacement:															
Coles Elementary School	4670-085-14-1018	7/11/14	6/30/17	215,552	(215,552)								(215,552)		
Evergreen Elementary School	4670-090-14-1019	7/11/14	6/30/17	260,374	(260,374)								(260,374)		
High School - HVAC Replacement	4670-050-14-1001	5/16/14	6/30/16	557,663	(190,911)		62,192	(62,192)	\$ 128,719					428,944	
Park Middle School - Waterproof Project	4670-060-14-1005	5/16/14	6/30/16	120,120	(120,120)		102,893	(102,893)	17,227					102,893	
McGinn Elementary School - HVAC Upgrades	4670-105-14-1021	5/16/14	6/30/16	43,182	(42,851)		42,851							42,851	
Roof Replacement:															
Terrill Middle School	4670-065-14-1010	5/16/14	6/30/16	350,231	(75,055)		58,959	(58,959)	16,096					334,135	
Evergreen Elementary School	4670-090-14-1020	5/16/14	6/30/16	336,274	(201,765)		121,988	(121,988)	79,777					256,497	
Fire Alarm Replacement:															
High School	4670-050-14-1002	5/16/14	6/30/16	93,733	(93,733)		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	(72,104)						72,104	
Total Capital Projects Fund					(1,383,127)		554,720	(584,459)	241,819		(72,590)		(586,588)	1,403,747	
TOTAL STATE AWARDS					\$(2,880,140)	\$ 76,540	\$ 7,801,671	\$(8,022,965)	\$ 241,819	\$ (76,540)	\$(1,572,113)	\$ -0-	\$ 80,346	\$(2,355,502)	\$ 8,842,253

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 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, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,245 for the general fund and \$(9,254) for the special revenue fund (of which \$(10,453) is attributable to local grants and are not included on 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 \$3,129,831 and \$2,628,512, 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	\$ 18,855	\$ 12,506,464	\$12,525,319
Special Revenue Fund	1,574,498	678,827	2,253,325
Capital Projects Fund		584,459	584,459
Food Service Enterprise Fund	290,721	12,803	303,524
Total Financial Assistance	<u>\$ 1,884,074</u>	<u>\$ 13,782,553</u>	<u>\$15,666,627</u>

NOTE 5. 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 6. 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, 2016. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has active grants awarded in the amount of \$586,588 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, \$72,590 has been expended and submitted for reimbursement and \$-0- has been received on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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*.
- 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 Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's federal and state programs tested as major programs 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	7/1/15-6/30/16	\$ 1,336,525	\$ 1,336,525
Preschool	84.173	7/1/15-6/30/16	54,933	54,933
<u>State:</u>				
Special Education				
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	2,550,339	2,550,339
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	86,448	86,448
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	53,090	53,090
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	53,090	53,090

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.