

**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, 2019**

**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, 2019

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

512 Cedar Street
SCOTCH PLAINS, NEW JERSEY 07076

November 8, 2019

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, 2019. 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 678 school districts in the State of New Jersey and one of 28 public 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.

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 2018-2019 school year with an average daily enrollment of 5,519 students, compared to 5,471 students as of June 30, 2018. Enrollment is defined as students on roll and students placed out of district.

2) EDUCATIONAL PROGRAMS: Pre- Kindergarten to Grade 4 elementary, middle school (grades 5-8), and high school (grades 9-12) programs continue to provide students with appropriate and motivational educational experiences in the Core Content areas. Our co-curricular, fine arts, and athletic programs continue to enhance and foster the development of well-rounded students. In addition, service learning is emphasized within the sequence of the K-12 curriculum continuum

3) MAJOR INITIATIVES:

Students continue to score above the State and National averages on District administered tests. In the area of PARCC results, the high school, elementary and middle schools consistently scored above the state average.

Technology

In the 2018-2019 school year, the network infrastructures at Park Middle and Terrill Middle were updated. Additionally, modifications were made to the network to expand wireless access. Student and staff computers were replaced based on the refresh cycle and classroom technology was kept up-to-date with projectors and document cameras as needed for irreparable equipment.

Mathematics

During the 2018-2019 school year, the mathematics department professional development activities focused on the effective utilization of technology and incorporating real world applications. Elementary teachers of grades 2, 3, and 4 implemented changes to their pacing guide and fraction unit to reflect the findings of a comprehensive lesson study. Middle and high school teachers learned strategies to create lessons that engaged students using different technological devices such as calculators and Chromebooks and introduced coding and robotics into unit design.

Language Arts

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2018-2019 school year. These resources included some of the following titles: *Educated*, *The Giver*, and *The Odyssey*. We also continued to purchase teacher texts to support continued professional development in reading and writing instruction. Titles such as *A Novel Approach* and *Beyond Literary Analysis* helped us to continue to move towards this goal. The department also continues to expand our classroom libraries to better facilitate student choice in independent reading. Funds at the elementary level were used to purchase materials for the newly adopted elementary Language Arts curriculum, Teachers College Units of Study, for professional development purposes. In addition, Foundations phonics kits were purchased for kindergarten teachers to increase classroom strategies in phonics. Adopting the Teachers College curricula will engage students and help them to become lifelong readers and writers.

Social Studies

The Social Studies Department budget allocations in 2018-19 focused on bringing globally-oriented and culturally-responsive materials into the classrooms, in addition to integrating social-emotional learning into the social studies curriculum. At the elementary level, we continue to integrate fiction and non-fiction texts to expand students' perspectives and enhance their understanding of diverse cultures. In addition to print texts, manipulatives such as maps and globes, artifacts and visual resources are purchased to help students understand and appreciate global diversity. At the secondary level, texts at various levels were purchased to extend and enrich the curriculum through literature circles, document analysis and thematic studies. Subscriptions to online resources and databases for students at all grade levels have been purchased to provide students with access to an extensive variety of digital resources including text and multimedia sources. These sources support the teaching of media literacy and research skills, and support learners with diverse needs.

Science

For the 2018-2019 school year, the continued focus of the department was to provide and support learning environments that promote hands-on as well as minds-on, inquiry-based, problem-solving activities. Elementary teachers continued to receive support materials and resources to support their science classes as they utilized the FOSS modules in their classrooms. The Grade 4 and 5 classes transitioned to the new Next Generation FOSS modules. The curriculum was revised and teachers were provided with the necessary professional development and training in an effort to support them with the transition. At the middle and high school levels, teachers continued to work on furthering their understanding of three-dimensional science learning and connecting instruction to the natural world (phenomena). Science instruction continued to focus on the effective use of technology to enhance student experience and provide access to supplemental resources that go beyond the more common science supplies needed for in-class investigations.

World Languages/ESL

During the 2018-2019 school year funding continued to support the purchase of classroom ancillary materials, professional development opportunities and general classroom supplies that are used to enhance performance assessments. Ancillary materials include classroom sets of leveled readers, subscriptions to native language magazines, and audio recordings to support the curriculum. Spending was allocated for teachers to attend World Language workshops outside of the district which allowed teachers to turnkey their learning to their colleagues throughout the year.

Fine Arts

During the 2018-2019 school 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, curriculum re-writing, transportation, supplies, field trips, sheet music, increases to uniform and instrument inventories, marching band props, instrumental and equipment refurbishing, and technology support by way of laptop carts and software and licensing for music and art software computer programs.

Professional Development

In 2018-2019, 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 summer and after-school academy was open to all district professional staff where teachers learned about strategies to meet the needs of all students. The district coaching and mentoring program continued to evolve to meet the changing needs of our 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.

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.

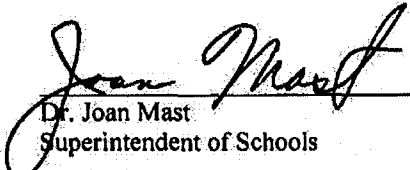
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2019.

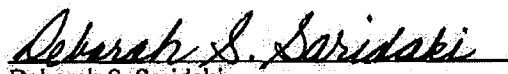
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

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.

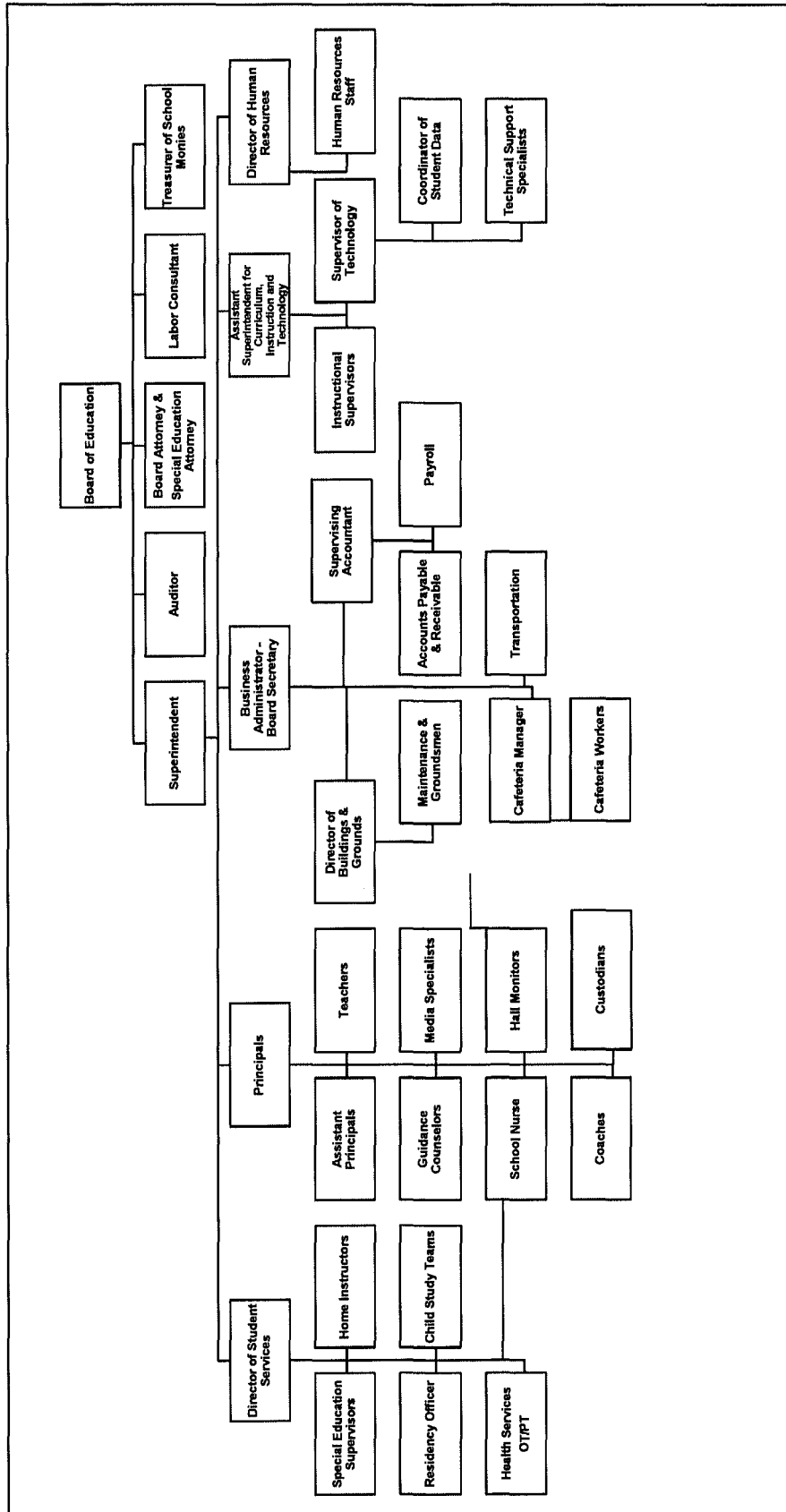
8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Scotch Plains-Fanwood Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to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


Deborah S. Saridaki
School Business Administrator/Board Secretary

**Organizational Chart
Scotch Plains-Farwood Public Schools
2018 - 2019**



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Karen Kulikowski, President	2021
Evan Murray, Vice President	2020
Nancy Bauer	2019
Amy Boroff	2020
Debora Brody	2021
Dr. Cynthia Clancy	2020
Stephanie Suriani	2019
Tonya Williams	2021
Amy Winkler	2019

<u>Other Officials</u>	<u>Title</u>
Dr. Margaret W. Hayes	Superintendent of Schools
Deborah S. Saridaki	School Business Administrator/Board Secretary
Richard M. Barre	Treasurer
Douglas M. Silvestro, Esq.	Board Attorney

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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Official Depository

TD Bank
245 Park Avenue
Scotch Plains, NJ 07076

FINANCIAL SECTION

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, 2019, 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.

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, 2019, 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 pension and postemployment benefit schedules in Exhibits L-1 through L-6 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 other supplementary schedules 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 Honorable President and Members
of the Board of Education
Scotch Plains-Fanwood Regional School District
Page 3

The accompanying other supplementary schedules 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 8, 2019

Nisivoccia, LLP
NISIVOCCIA LLP
Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019. 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.

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.

Figure A-1

Organization of the School District's Financial Report

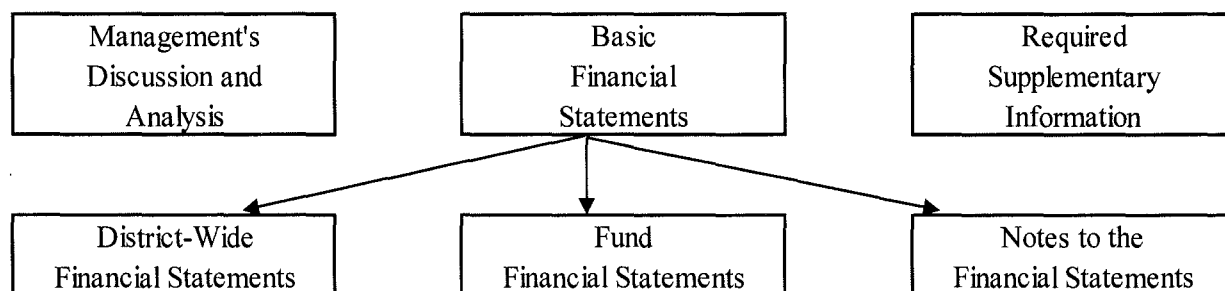


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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	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 year end; 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, 2019
(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, 2019
(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 Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2019 and 2018. The District's *combined* net position was \$19,739,763 on June 30, 2019, \$2,637,984 or 15.43% more than the prior fiscal year. The net position of the governmental activities increased by \$2,485,859 and the net position of the business-type activities increased by \$152,125.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change
Current and Other Assets	\$20,732,908	\$20,413,017	\$929,330	\$966,992	\$21,662,238	\$21,380,009	
Capital Assets, Net	50,686,420	46,679,133	639,126	495,352	51,325,546	47,174,485	
Total Assets	71,419,328	67,092,150	1,568,456	1,462,344	72,987,784	68,554,494	6.47%
Deferred Outflows of Resources	7,283,150	8,839,820			7,283,150	8,839,820	-17.61%
Other Liabilities	4,289,069	2,495,693	79,120	125,133	4,368,189	2,620,826	
Long-Term Liabilities	47,849,088	51,550,674			47,849,088	51,550,674	
Total Liabilities	52,138,157	54,046,367	79,120	125,133	52,217,277	54,171,500	-3.61%
Deferred Inflows of Resources	8,313,894	6,121,035			8,313,894	6,121,035	35.82%
Net Position:							
Net Investment in Capital Assets	45,813,783	40,674,193	639,126	495,352	46,452,909	41,169,545	
Restricted	9,340,861	9,401,649			9,340,861	9,401,649	
Unrestricted (Deficit)	(36,904,217)	(34,311,274)	850,210	841,859	(36,054,007)	(33,469,415)	
Total Net Position	\$18,250,427	\$15,764,568	\$1,489,336	\$1,337,211	\$19,739,763	\$17,101,779	15.43%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$5,283,364 due to \$5,891,512 in capital assets additions and the retirement of \$1,185,000 of serial bonds payable and \$631,955 of capital leases payable, offset by a new capital lease of \$608,000, \$1,707,831 of depreciation expense, amortized deferred amount on refunding of \$76,652, and capital asset disposals of \$32,620. Restricted net position decreased \$60,788 due to a net decrease in the maintenance reserve of \$698,780, offset by a net increase in the capital reserve of \$637,992. The deficit in unrestricted net position increased \$2,565,258 primarily due to changes in deferred inflows and outflows related to pensions, deferred outflows related to other post-employment benefits (OPEB) and increases in compensated absences payable and the OPEB liability, offset by a decrease in the net pension liability.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Change 2018/19
Revenue:							
Program Revenue:							
Charges for Services	\$ 362,628	\$ 370,043	\$ 1,961,739	\$ 1,663,185	\$ 2,324,367	\$ 2,033,228	
Grants and Contributions:							
Operating	29,987,004	36,729,234		348,875	29,987,004	37,078,109	
General Revenue:							
Property Taxes	90,818,517	88,093,407			90,818,517	88,093,407	
Unrestricted State/ Federal Aid	144,503	295,940			144,503	295,940	
Other	614,797	443,833	10,848	6,329	625,645	450,162	
Total Revenue	<u>121,927,449</u>	<u>125,932,457</u>	<u>1,972,587</u>	<u>2,018,389</u>	<u>123,900,036</u>	<u>127,950,846</u>	-3.17%
Expenses:							
Instruction	68,182,659	71,736,142			68,182,659	71,736,142	
Pupil and Instruction Services	25,191,993	25,728,064			25,191,993	25,728,064	
Administration and Business	9,135,487	9,329,147			9,135,487	9,329,147	
Maintenance and Operations	11,498,861	11,528,538			11,498,861	11,528,538	
Transportation	3,702,192	3,503,244			3,702,192	3,503,244	
Other	1,730,398	1,671,445	1,815,122	1,749,627	3,545,520	3,421,072	
Total Expenses	<u>119,441,590</u>	<u>123,496,580</u>	<u>1,815,122</u>	<u>1,749,627</u>	<u>121,256,712</u>	<u>125,246,207</u>	-3.19%
Disposal of Capital Assets, Net of Depreciation			(5,340)	(79,291)	(5,340)	(79,291)	-93.27%
Increase in Net Position	<u>\$ 2,485,859</u>	<u>\$ 2,435,877</u>	<u>\$ 152,125</u>	<u>\$ 189,471</u>	<u>\$ 2,637,984</u>	<u>\$ 2,625,348</u>	0.48%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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-5 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-5
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018/2019</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2017/2018</u>
Instruction	\$ 68,182,659	\$ 71,736,142	\$46,681,733	\$45,485,560
Pupil and Instruction Services	25,191,993	25,728,064	21,008,961	20,253,924
Administration and Business	9,135,487	9,329,147	7,206,676	6,826,487
Maintenance and Operations	11,498,861	11,528,538	9,790,763	9,232,263
Transportation	3,702,192	3,503,244	2,673,427	2,927,624
Other	1,730,398	1,671,445	1,730,398	1,671,445
	<u>\$ 119,441,590</u>	<u>\$ 123,496,580</u>	<u>\$ 89,091,958</u>	<u>\$ 86,397,303</u>

Business-Type Activities

The net position of the District's business-type activities increased by \$152,125 (an increase of \$139,619 in the Food Service Fund and \$12,506 in the Summer Community Education Fund) primarily as a result of increased participation and revenue exceeding increased expenses of the District's food service operations. (Refer to Figure A-4).

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Financial Analysis of the District's Funds

While the District's financial position increased \$2,637,984 on a District-wide basis, it decreased \$1,525,343 on a fund basis. The overall fund balance of the General Fund decreased \$969,540 and the fund balance of the Capital Projects Fund decreased \$555,803.

To maintain a stable financial position, the District continues to practice sound fiscal management and to closely monitor revenues, expenditures, and future needs. As a result, 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.

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 (net of depreciation) increased by \$4,151,061, or 8.80%, from the previous fiscal year. During the 2018-2019 school year, there were District additions which totaled \$5,891,512 which were offset by \$1,707,831 in depreciation and \$32,620 in disposals. (More detailed information about the District's capital assets is presented in Note 7 to the Basic Financial Statements).

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Sites (Land)	\$ 449,315	\$ 449,315			\$ 449,315	\$ 449,315	
Construction in Progress	5,604,858	1,319,185			5,604,858	1,319,185	
Buildings and Building Improvements	41,514,537	42,674,405			41,514,537	42,674,405	
Machinery and Equipment	3,117,710	2,236,228	\$ 639,126	\$ 495,352	3,756,836	2,731,580	
Total Capital Assets, Net of Depreciation	\$ 50,686,420	\$ 46,679,133	\$ 639,126	\$ 495,352	\$ 51,325,546	\$ 47,174,485	8.80%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Long-term Liabilities

The District's long-term liabilities decreased by \$3,701,586, or 7.18%, from the previous fiscal year. At year-end, the District had \$4,250,000 in outstanding general obligation bonds, as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the Basic Financial Statements).

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2018/19	2017/18	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 4,250,000	\$ 5,435,000	
Net Pension Liability	23,511,695	27,580,510	
Other Long-Term Liabilities	20,087,393	18,535,164	
	<u>\$ 47,849,088</u>	<u>\$ 51,550,674</u>	<u>-7.18%</u>

- Principal payments of \$1,185,000 on the District's general obligation bonds were made during the fiscal year.
- The District's net pension liability decreased by \$4,068,815.
- The District's other long-term liabilities as of June 30, 2019 are comprised of capital leases, compensated absences payable, unamortized bond issuance premiums and other postemployment benefits.
- The District entered into a \$608,000 capital lease and made \$631,955 of lease payments during the fiscal year.
- Compensated absences payable increased overall by \$116,454.
- The District's other postemployment benefits liability increased by \$1,537,527.
- Unamortized bond issuance premiums decreased by \$77,797.

For the Future

The Scotch Plains-Fanwood School District is in sound financial condition. The District is proud of its community support and student involvement in the public schools. Major concerns are the increased reliance on local property taxes, a 2% revenue cap with increased development expected in the communities, and the need for significant building repairs in future years to maintain their sound condition.

Due to the District's sound fiscal management, capital and maintenance 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 responsible fiscal management.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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, 512 Cedar Street, Scotch Plains, New Jersey 07076. Please visit our website at <http://www.spfk12.org/>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,593,803	\$ 921,331	\$ 10,515,134
Receivables from Other Governments	2,027,087		2,027,087
Other Receivables	99,649	738	100,387
Inventory		7,261	7,261
Prepaid Expenses	1,671,508		1,671,508
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	5,684,469		5,684,469
Maintenance Reserve Account	1,656,392		1,656,392
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,054,173		6,054,173
Depreciable Buildings and Building Improvements and Machinery and Equipment	44,632,247	639,126	45,271,373
Total Assets	<u>71,419,328</u>	<u>1,568,456</u>	<u>72,987,784</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	306,608		306,608
Deferred Outflows of Resources Related to OPEB	750,132		750,132
Deferred Outflows of Resources Related to Pensions	6,226,410		6,226,410
Total Deferred Outflows of Resources	<u>7,283,150</u>		<u>7,283,150</u>
LIABILITIES			
Payable to State Government	237,927		237,927
Payable to Federal Government	4,456		4,456
Accounts Payable	3,856,684	15,439	3,872,123
Accrued Interest Payable	112,295		112,295
Unearned Revenue	77,707	63,681	141,388
Noncurrent Liabilities:			
Due Within One Year	1,718,030		1,718,030
Due Beyond One Year	46,131,058		46,131,058
Total Liabilities	<u>52,138,157</u>	<u>79,120</u>	<u>52,217,277</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	8,313,894		8,313,894
Total Deferred Inflows of Resources	<u>8,313,894</u>		<u>8,313,894</u>
NET POSITION			
Net Investment in Capital Assets	45,813,783	639,126	46,452,909
Restricted for:			
Capital Projects	5,684,469		5,684,469
Maintenance	1,656,392		1,656,392
Excess Surplus	2,000,000		2,000,000
Unrestricted (Deficit)	<u>(36,904,217)</u>	<u>850,210</u>	<u>(36,054,007)</u>
Total Net Position	<u>\$ 18,250,427</u>	<u>\$ 1,489,336</u>	<u>\$ 19,739,763</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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 49,868,459	\$ 329,565	\$ 11,449,655		\$ (38,089,239)		\$ (38,089,239)
Special Education	14,167,892		8,803,852		(5,364,040)		(5,364,040)
Other Special Instruction	1,799,646		437,459		(1,362,187)		(1,362,187)
School Sponsored/Other Instruction	2,346,662		480,395		(1,866,267)		(1,866,267)
Support Services:							
Tuition	6,984,723				(6,984,723)		(6,984,723)
Student & Instruction Related Services	18,207,270		4,183,032		(14,024,238)		(14,024,238)
General Administrative Services	1,433,354		196,159		(1,237,195)		(1,237,195)
School Administrative Services	5,382,820		1,261,183		(4,121,637)		(4,121,637)
Central Services	1,737,018		367,671		(1,369,347)		(1,369,347)
Administrative Information Technology	582,295		103,798		(478,497)		(478,497)
Plant Operations and Maintenance	11,498,861		1,708,098		(9,790,763)		(9,790,763)
Pupil Transportation	3,702,192	33,063	995,702		(2,673,427)		(2,673,427)
Transfer of Funds to Charter Schools	36,433				(36,433)		(36,433)
Interest on Long-Term Debt	223,271				(223,271)		(223,271)
Unallocated Depreciation	1,470,694				(1,470,694)		(1,470,694)
Total Governmental Activities	119,441,590	362,628	29,987,004		(89,091,958)		(89,091,958)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,761,173	\$ 1,896,444			\$	\$ 135,271	\$ 135,271
Summer Community Education	53,949	65,295				11,346	11,346
Total Business-Type Activities	1,815,122	1,961,739				146,617	146,617
Total Primary Government	\$ 121,256,712	\$ 2,324,367	\$ 29,987,004	\$ -0-	\$ (89,091,958)	146,617	(88,945,341)

General Revenues and Other Item:

Taxes:							
Property Taxes, Levied for General Purposes, Net					89,409,067		89,409,067
Taxes Levied for Debt Service					1,409,450		1,409,450
Federal and State Aid not Restricted					144,503		144,503
Investment Earnings					258,470	10,848	269,318
Miscellaneous Income					356,327		356,327
Other Item:						(5,340)	(5,340)
Disposal of Capital Assets, Net of Depreciation							
Total General Revenues and Other Item					91,577,817	5,508	91,583,325
Change in Net Position					2,485,859	152,125	2,637,984
Net Position - Beginning					15,764,568	1,337,211	17,101,779
Net Position - Ending					\$ 18,250,427	\$ 1,489,336	\$ 19,739,763

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

FUND FINANCIAL STATEMENTS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,366,299	\$ 227,504		\$ 9,593,803
Interfunds Receivable	230,937			230,937
Receivables from Other Governments	1,952,051	75,036		2,027,087
Other Receivables		99,649		99,649
Prepaid Expenses	1,671,508			1,671,508
Restricted Cash and Cash Equivalents	7,340,861			7,340,861
Total Assets	\$ 20,561,656	\$ 402,189	\$ - 0 -	\$ 20,963,845
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfunds Payable			\$ 230,937	\$ 230,937
Payable to State Government		\$ 237,927		237,927
Payable to Federal Government		4,456		4,456
Accounts Payable	\$ 2,567,609	87,049		2,654,658
Unearned Revenue		77,707		77,707
Total Liabilities	2,567,609	407,139	230,937	3,205,685
Fund Balances:				
Restricted:				
Capital Reserve Account	5,684,469			5,684,469
Maintenance Reserve Account	1,656,392			1,656,392
Excess Surplus - Designated for Subsequent Year's Expenditures	1,000,000			1,000,000
Excess Surplus	1,000,000			1,000,000
Assigned:				
Encumbrances	5,530,861			5,530,861
Unassigned/(Deficit)	3,122,325	(4,950)	(230,937)	2,886,438
Total Fund Balances/(Deficit)	17,994,047	(4,950)	(230,937)	17,758,160
Total Liabilities and Fund Balances	\$ 20,561,656	\$ 402,189	\$ - 0 -	\$ 20,963,845

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

Total Fund Balances (from Above)	\$ 17,758,160
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	50,686,420
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(23,511,695)
Certain Amounts Related to the Other Post-Employment Benefits (OPEB) Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows of Resources Related to OPEB	750,132
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:	
Deferred Outflows of Resources Related to Pensions, Excluding District Contribution Subsequent to the Measurement Date	5,024,384
Deferred Inflows of Resources Related to Pensions	(8,313,894)
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.	(24,026,205)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(112,295)
Bond Issuance Premiums are reported as revenue in the Funds. These premiums total \$1,089,161 and the accumulated amortization is \$777,973.	(311,188)
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 \$766,522.	306,608
Net Position of Governmental Activities	\$ 18,250,427

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 89,409,067			\$ 1,409,450	\$ 90,818,517
Transportation Fees from Individuals	33,063				33,063
Interest Earned on:					
Capital Reserve Funds	44,141				44,141
Maintenance Reserve Funds	27,770				27,770
Miscellaneous Revenues	542,886	\$ 505,057			1,047,943
Total - Local Sources	90,056,927	505,057		1,409,450	91,971,434
State Sources	18,007,916	589,853			18,597,769
Federal Sources	31,296	1,471,816			1,503,112
Total Revenues	108,096,139	2,566,726		1,409,450	112,072,315
EXPENDITURES					
Current:					
Regular Instruction	27,246,533	677,430			27,923,963
Special Education Instruction	7,098,631	1,276,180			8,374,811
Other Special Instruction	1,009,327				1,009,327
School Sponsored/Other Instruction	1,437,316				1,437,316
Support Services and Undistributed Costs:					
Tuition	6,984,723				6,984,723
Student & Instruction Related Services	10,963,858	691,744			11,655,602
General Administrative Services	944,062				944,062
School Administrative Services	2,919,438				2,919,438
Central Services	1,036,225				1,036,225
Administration Information Technology	378,486				378,486
Plant Operations and Maintenance	7,846,561				7,846,561
Pupil Transportation	3,299,205				3,299,205
Allocated Benefits	165,812				165,812
Unallocated Benefits	31,596,142				31,596,142
Transfer of Funds to Charter Schools	36,433				36,433
Capital Outlay	6,632,299		\$ 555,803		7,188,102
Debt Service:					
Principal				1,185,000	1,185,000
Interest and Other Charges				224,450	224,450
Total Expenditures	109,595,051	2,645,354	555,803	1,409,450	114,205,658
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(1,498,912)	(78,628)	(555,803)		(2,133,343)
OTHER FINANCING SOURCES/(USES)					
Capital Leases (non-budgeted)	608,000				608,000
Transfers In	19,334	78,628			97,962
Transfers Out	(78,628)		(19,334)		(97,962)
Total Other Financing Sources/(Uses)	548,706	78,628	(19,334)		608,000
Net Change in Fund Balances	(950,206)		(575,137)		(1,525,343)
Fund Balance/(Deficit) - July 1	18,944,253	(4,950)	344,200		19,283,503
Fund Balance/(Deficit) - June 30	\$ 17,994,047	\$ (4,950)	\$ (230,937)	\$ - 0 -	\$ 17,758,160

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, 2019

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,525,343)

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, differ from capital outlays in the period.

Depreciation expense	\$ (1,664,489)
Capital outlays	5,699,056
	(27,280)

Disposal of capital assets, net of accumulated depreciation 4,007,287

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. (608,000)

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. 631,955

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. 1,185,000

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 (+). 16,357

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	4,068,815
Change in Deferred Outflows of Resources Related to Pensions	(2,194,649)
Change in Deferred Inflows of Resources Related to Pensions	(2,192,859)

The other post-employment benefits (OPEB) 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 OPEB Liability	(1,537,527)
Change in Deferred Outflows of Resources Related to OPEB	750,132

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used/(paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (116,454)

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 (-)

Change in Net Position of Governmental Activities (Exhibit A-2) (76,652)

	\$ 2,485,859
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Food Service		
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 780,775	\$ 140,556	\$ 921,331
Accounts Receivable:			
Other	738		738
Inventories	7,261		7,261
Total Current Assets	788,774	140,556	929,330
Non-Current Assets:			
Capital Assets	878,032		878,032
Less: Accumulated Depreciation	(238,906)		(238,906)
Total Non-Current Assets	639,126	- 0 -	639,126
Total Assets	1,427,900	140,556	1,568,456
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors	15,045	394	15,439
Unearned Revenue:			
Prepaid Sales	63,681		63,681
Total Current Liabilities	78,726	394	79,120
Total Liabilities	78,726	394	79,120
NET POSITION:			
Investment in Capital Assets	639,126		639,126
Unrestricted	710,048	140,162	850,210
Total Net Position	\$ 1,349,174	\$ 140,162	\$ 1,489,336

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

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Food Service		
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Non-Reimbursable Programs	\$ 1,883,213		\$ 1,883,213
Special Events	13,231		13,231
Program Fees		\$ 65,295	65,295
Total Operating Revenue	<u>1,896,444</u>	<u>65,295</u>	<u>1,961,739</u>
Operating Expenses:			
Cost of Sales:			
Non-Reimbursable Programs	815,622		815,622
Salaries	526,748	51,482	578,230
Payroll Taxes	73,520		73,520
Employee Benefits	50,870		50,870
Purchased Property Services	19,628		19,628
Management Fee	99,390		99,390
Insurance	68,742		68,742
Supplies and Materials	63,311	2,467	65,778
Depreciation Expense	43,342		43,342
Total Operating Expenses	<u>1,761,173</u>	<u>53,949</u>	<u>1,815,122</u>
Operating Income	<u>135,271</u>	<u>11,346</u>	<u>146,617</u>
Non-Operating Revenue:			
Local Sources - Interest Revenue	9,688	1,160	10,848
Total Non-Operating Revenue	<u>9,688</u>	<u>1,160</u>	<u>10,848</u>
Change in Net Position Before Other Item	144,959	12,506	157,465
Other Item - Disposal of Capital Assets, Net	(5,340)		(5,340)
Change in Net Position	139,619	12,506	152,125
Net Position - Beginning of Year	<u>1,209,555</u>	<u>127,656</u>	<u>1,337,211</u>
Net Position - End of Year	<u>\$ 1,349,174</u>	<u>\$ 140,162</u>	<u>\$ 1,489,336</u>

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

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Totals
	Food Service		
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,898,785	\$ 65,689	\$ 1,964,474
Payments to Employees	(25,789)	(51,482)	(77,271)
Payments to Food Service Vendor	(1,696,382)		(1,696,382)
Payments to Suppliers	(46,787)	(4,417)	(51,204)
Net Cash Provided by Operating Activities	<u>129,827</u>	<u>9,790</u>	<u>139,617</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(192,456)		(192,456)
Net Cash Used for Capital Financing Activities	<u>(192,456)</u>	<u>- 0 -</u>	<u>(192,456)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	16,268		16,268
State Sources	1,264		1,264
Net Cash Provided by Noncapital Financing Activities	<u>17,532</u>	<u>- 0 -</u>	<u>17,532</u>
Cash Flows from Investing Activities:			
Interest Revenue	9,688	1,160	10,848
Net Cash Provided by Investing Activities	<u>9,688</u>	<u>1,160</u>	<u>10,848</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(35,409)	10,950	(24,459)
Cash and Cash Equivalents, July 1	816,184	129,606	945,790
Cash and Cash Equivalents, June 30	<u>\$ 780,775</u>	<u>\$ 140,556</u>	<u>\$ 921,331</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 135,271	\$ 11,346	\$ 146,617
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	43,342		43,342
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(738)		(738)
(Increase) in Inventory	(753)		(753)
(Decrease) in Accounts Payable	(47,536)	(1,556)	(49,092)
(Decrease) in Interfund Payable	(2,838)		(2,838)
Increase in Unearned Revenue	3,079		3,079
Net Cash Provided by Operating Activities	<u>\$ 129,827</u>	<u>\$ 9,790</u>	<u>\$ 139,617</u>

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 721,268	\$ 997,673	\$ 58,414
Total Assets	<u>721,268</u>	<u>997,673</u>	<u>58,414</u>
LIABILITIES:			
Payroll Deductions and Withholdings	511,832		
Due to Student Groups	209,436		
Total Liabilities	<u>721,268</u>	<u>- 0 -</u>	<u>- 0 -</u>
NET POSITION:			
Held in Trust for:			
Unemployment Claims		997,673	
Flexible Spending Claims			58,414
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 997,673</u>	<u>\$ 58,414</u>

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 80,801	\$ 56,130
Employer	50,000	
Total Contributions	<u>130,801</u>	<u>56,130</u>
Investment Earnings:		
Interest	11,366	531
Net Investment Earnings	<u>11,366</u>	<u>531</u>
Total Additions	<u>142,167</u>	<u>56,661</u>
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	68,572	
Flexible Spending Claims		45,653
Total Deductions	<u>68,572</u>	<u>45,653</u>
Change in Net Position	73,595	11,008
Net Position - Beginning of the Year	<u>924,078</u>	<u>47,406</u>
Net Position - End of the Year	<u>\$ 997,673</u>	<u>\$ 58,414</u>

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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.

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, 2019 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).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 108,134,028	\$ 2,667,196
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		(104,083)
Prior Year Encumbrances		3,613
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	290,058	4,950
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(327,947)</u>	<u>(4,950)</u>
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 108,096,139</u>	 <u>\$ 2,566,726</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 109,595,051	\$ 2,745,824
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		(104,083)
Prior Year Encumbrances		<u>3,613</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 109,595,051</u>	<u>\$ 2,645,354</u>
		<u>Capital Projects Fund</u>
		<u>Fund Balance</u>
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	\$ 244,989	
Reconciliation to Governmental Funds Statement (GAAP Basis):		
SDA Grants Recognized/(Not Recognized) on GAAP Basis	<u>(475,926)</u>	
Fund Balance/(Deficit) per Governmental Funds (GAAP Basis)	<u>\$ (230,937)</u>	

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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, 2019
(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, 2019.

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 acquisition value. 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, 2019
(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, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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, 2019
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$17,994,047 General Fund balance at June 30, 2019, \$5,530,861 is assigned for encumbrances; \$5,684,469 is restricted for the capital reserve account; \$1,656,392 is restricted for 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, 2020 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, 2021); and \$3,122,325 is unassigned which is \$327,947 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, 2020.

Special Revenue Fund: There is a deficit fund balance of \$4,950 at June 30, 2019 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, 2020.

Capital Projects Fund: The \$211,603 deficit in the Capital Projects Fund balance at June 30, 2019 is in unassigned fund balance which is \$475,926 less on the GAAP basis due to NJSDA grants receivable that is not recognized on the GAAP basis of accounting until expended and submitted for reimbursement.

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, 2019 as defined above.

The District's unassigned fund balance is less on a GAAP basis than the budgetary basis by \$327,947 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, 2019
(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 no committed resources on the GAAP basis at June 30, 2019.

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 for encumbrances in the General Fund at June 30, 2019.

R. Deficit Fund Balance/Net Position:

The District has deficit unassigned fund balances as of June 30, 2019 in the Special Revenue Fund of \$4,950 due to the June state aid payments that were not recognized on the GAAP basis as explained in Note 1P on the previous page and in the Capital Projects Fund of \$211,603 due to NJSDA grants which have not been recognized on the GAAP basis. The District's governmental activities has a \$36,904,217 deficit in unrestricted net position, primarily due to the June state aid payments that were not recognized on the GAAP basis as explained in Note 1P on the previous page, NJSDA grants which have not been recognized on the GAAP basis, the accrual of compensated absences payable, other post-employment benefits (OPEB) payable, accrued interest payable, unamortized bond issuance premiums, deferred inflows of resources related to pensions and net pension liability, offset by deferred outflows of resources related to pensions and OPEB and Governmental Funds unassigned 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, 2019 related to pensions, OPEB and for the deferred amount on refunding of debt related to the District's 2010 refunding bonds.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2019 related to pensions.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019
(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.

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 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's policy with respect to custodial credit risk 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, 2019
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

New Jersey statutes permit the District to purchase the following types of securities: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) the funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) the designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) the designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) on the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Reserve Accounts		
		Capital	Maintenance	
Checking Accounts	\$ 12,292,489	\$ 5,684,469	\$ 1,656,392	\$ 19,633,350

During the period ended June 30, 2019, 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, 2019 was \$19,633,350 and the bank balance was \$23,862,381.

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 5,046,477
Interest Earnings	44,141
Deposit by Board Resolution - June 27, 2019	2,955,655
Withdrawals by Board Resolution	(2,361,804)
Ending Balance, June 30, 2019	\$ 5,684,469

The balance in the capital reserve account at June 30, 2019 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, 2019
(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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 2,355,172
Interest Earnings	27,770
Withdrawals by Board Resolution	<u>(726,550)</u>
Ending Balance, June 30, 2019	<u>\$ 1,656,392</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$3,424,437 to the capital outlay accounts; \$1,062,633 for equipment which did not require County Superintendent approval and \$2,361,804 for facilities acquisition and construction services which was transferred from the Capital Reserve Account by Board resolution which required County Superintendent approval.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 449,315			\$ 449,315
Construction in Progress	1,319,185	\$ 4,883,066	\$ (597,393)	5,604,858
Total Capital Assets Not Being Depreciated	<u>1,768,500</u>	<u>4,883,066</u>	<u>(597,393)</u>	<u>6,054,173</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	64,368,008	195,449	45,045	64,608,502
Machinery and Equipment	5,670,246	620,541	219,182	6,509,969
Total Capital Assets Being Depreciated	<u>70,038,254</u>	<u>815,990</u>	<u>264,227</u>	<u>71,118,471</u>
Governmental Activities Capital Assets	<u>71,806,754</u>	<u>5,699,056</u>	<u>(333,166)</u>	<u>77,172,644</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(21,693,603)	(1,400,362)		(23,093,965)
Machinery and Equipment	(3,434,018)	(264,127)	305,886	(3,392,259)
	<u>(25,127,621)</u>	<u>(1,664,489)</u>	<u>305,886</u>	<u>(26,486,224)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,679,133</u>	<u>\$ 4,034,567</u>	<u>\$ (27,280)</u>	<u>\$ 50,686,420</u>
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 692,111	\$ 192,456	\$ (6,535)	\$ 878,032
Less Accumulated Depreciation	(196,759)	(43,342)	1,195	(238,906)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 495,352</u>	<u>\$ 149,114</u>	<u>\$ (5,340)</u>	<u>\$ 639,126</u>

Capital acquisitions totaled \$5,891,512 and include \$4,883,086 of construction projects in progress and \$815,990 and \$192,456 of current fiscal year capitalized expenditures in the Governmental and Business-Type Activities, respectively. The District transferred \$597,393 of completed capital projects to depreciable capital assets during the current fiscal year. As of June 30, 2019, the District had active construction projects balances totaling \$264,323, including \$239,047 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 14,632
Student and Instruction Related Services	6,595
General Administrative Services	12,980
Administration Information Technology	3,158
Plant Operations and Maintenance	128,271
Pupil Transportation	28,159
Unallocated	<u>1,470,694</u>
	<u>\$ 1,664,489</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2018	Issued/ Accrued	Retired	Balance 6/30/2019
Serial Bonds Payable	\$ 5,435,000		\$ 1,185,000	\$ 4,250,000
Capital Leases Payable	953,200	\$ 608,000	631,955	929,245
Compensated Absences Payable	1,397,824	321,645	205,191	1,514,278
Unamortized Bond Issuance Premiums	388,985		77,797	311,188
Net Pension Liability	27,580,510		4,068,815	23,511,695
Other Post-Employment Benefits Payable	15,795,155	1,537,527		17,332,682
	<u>\$51,550,674</u>	<u>\$ 2,467,172</u>	<u>\$ 6,168,758</u>	<u>\$ 47,849,088</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, 2019 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
School Refunding Bonds	02/11/10	07/15/22	4.0% - 5.0%	<u>\$ 4,250,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,175,000	\$ 177,250	\$ 1,352,250
2021	1,170,000	124,500	1,294,500
2022	1,165,000	66,125	1,231,125
2023	740,000	18,500	758,500
	<u>\$ 4,250,000</u>	<u>\$ 386,375</u>	<u>\$ 4,636,375</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2019, 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, 2019
(Continued)

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

C. Capital Leases Payable:

As of June 30, 2019, the District has three capital leases payable for technology equipment that originally totaled \$1,918,000 of which \$988,755 has been liquidated as of June 30, 2019. All of the leases are for four years with the final payments occurring in fiscal years 2019-20, 2020-21 and 2021-22. 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, 2019 are detailed below.

<u>Year</u>	<u>Amount</u>
2020	\$ 487,362
2021	320,738
2022	160,097
	<u>968,197</u>
Less: Amount representing interest	<u>(38,952)</u>
Present value of net minimum lease payments	<u>\$ 929,245</u>

The current portion of capital leases payable at June 30, 2019 is \$465,233 and the long-term portion is \$464,012. 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, 2019 is \$77,797 and the long-term portion is \$233,391.

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 \$1,514,278 of compensated absences payable at June 30, 2019 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, 2019, no liability existed for compensated absences in the Proprietary Funds.

F. Other Post-Employment Benefits (OPEB) Payable:

The liability for OPEB of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The entire \$17,332,682 of OPEB payable at June 30, 2019 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 \$23,511,695 net pension liability at June 30, 2019 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, 2019
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the District’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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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.gov/treasury/pensions/financial-reports.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 with 25 or more years of service credit before age 62 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 member 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 55 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 \$1,195,423 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$23,511,695 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.1194%, which was an increase of 0.0009% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,517,676.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 186,096	
	2015	5.72	839,928	
	2016	5.57	2,848,314	
	2017	5.48		\$ 4,334,203
	2018	5.63		3,183,587
Subtotal			<u>3,874,338</u>	<u>7,517,790</u>
Changes in Proportion	2014	6.44	127,675	
	2015	5.72	267,999	
	2016	5.57	133,272	
	2017	5.48		454,329
	2018	5.63	172,728	
Subtotal			<u>701,674</u>	<u>454,329</u>
Difference Between Expected and Actual Experience	2015	5.72	233,035	
	2016	5.57	86,438	
	2017	5.48	128,899	
	2018	5.63		121,234
Subtotal			<u>448,372</u>	<u>121,234</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		(142,073)
	2016	5.00		(794,261)
	2017	5.00		714,874
	2018	5.00		442,001
Subtotal				<u>220,541</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	<u>1,202,026</u>	
			<u>\$ 6,226,410</u>	<u>\$ 8,313,894</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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:

Fiscal Year Ending June 30,	Total
2019	\$ 163,183
2020	(225,930)
2021	(1,620,098)
2022	(1,404,326)
2023	(449,684)
	\$ (3,536,855)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale.

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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, 2019
(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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2019
(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, 2018 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:

	June 30, 2018		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>
District's proportionate share of the Net Pension Liability	\$ 29,563,247	\$ 23,511,695	\$ 18,434,829

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.gov/treasury/pensions/financial-reports.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.

The following represents the membership tiers for TPAF:

Tier	Definition
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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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 with 25 or more years of service credit before age 62 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 member 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 includes 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 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$6,713,427 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$12,218,283.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$209,588,614. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.3294%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2017.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>209,588,614</u>
Total	<u>\$ 209,588,614</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$12,218,283 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	8.50 years	\$ 1,076,424,469	
2015	8.30 years	3,063,649,492	
2016	8.30 years	6,913,685,892	
2017	8.30 years		\$ 10,084,192,916
2018	8.29 years		5,994,557,085
Difference Between Expected and Actual Experience:			
2014	8.50 years		10,252,211
2015	8.30 years	189,214,650	
2016	8.30 years		85,977,601
2017	8.30 years	179,419,108	
2018	8.29 years	1,051,605,259	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2015	5 years		(192,642,062)
2016	5 years		(863,710,381)
2017	5 years		678,024,787
2018	5 years		384,121,486
		<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Total Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 on the contribution rate in the most recent fiscal year.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

The State contributed 50% of the actuarially determined 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 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2018 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:

	June 30, 2018		
	1%	Current	1%
	Decrease (3.86%)	Discount Rate (4.86%)	Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 247,729,762	\$ 209,588,614	\$ 177,970,532

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 \$26,608 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$37,839 for the fiscal year ended June 30, 2019.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain OPEB obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Mortality Rates

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 180,459,049
Changes for Year:	
Service Cost	6,846,632
Interest Cost	6,634,059
Difference Between Expected and Actual Experience	(15,932,833)
Changes in Assumptions	(17,909,620)
Member Contributions	144,233
Gross Benefit Payments	(4,173,211)
Net Changes	(24,390,740)
Balance at June 30, 2018	\$ 156,068,309

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 184,504,511	\$ 156,068,309	\$ 133,464,465

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018 calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 128,999,547	\$ 156,068,309	\$ 191,867,783

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$7,459,222 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	<u>Year of Deferral</u>	<u>Original Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54 years		\$ (18,957,130)
Changes in Assumptions	2018	9.51 years		<u>(16,026,379)</u>
				(34,983,509)
Difference Between Expected and Actual Experience	2018	9.51 years		(15,149,915)
Changes in Proportion	N/A	N/A	<u>\$ 1,092,942</u>	<u>(50,308)</u>
			<u>\$ 1,092,942</u>	<u>\$ (50,183,732)</u>

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District, excluding changes in proportion, will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (6,177,698)
2020	(6,177,698)
2021	(6,177,698)
2022	(6,177,698)
2023	(6,177,698)
Total Thereafter	<u>(19,244,934)</u>
	<u>\$ (50,133,424)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

District Plan

General Information about the District's OPEB Plan

Plan Description and Benefits Provided

Employees who retire from the District may be eligible for postemployment medical benefits, including prescription drugs as part of the medical plan, and dental benefits based on their date of hire. Employees hired on or before September 30, 1994 may be eligible for subsidized benefits from the District. Employees hired after September 30, 1994 may elect benefits, but do not receive a subsidy from the District (employees pay all).

Effective with the August 1, 2017 plan year, medical and prescription drugs benefits are insured through Aetna Health and dental benefits are insured through Delta Dental of New Jersey. Base plan costs are based on insured premium rates provided by the District for the August 1, 2018 to July 31, 2019 plan year. All plan costs are based on 100% before retiree contributions and are assumed to include all administrative expenses and required Patient Protection and Affordable Care Act (PPACA) fees due at this time.

The District does not reimburse for Medicare Part B or Part D premiums to retirees or spouses.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

As of July 1, 2018, there is a total of 1,085 active employees and retirees, reflecting the sum of 758 active employees (607 currently electing coverage and 151 opting out) and 327 retirees. The actuarial valuation assumed that 100% of those opting out would elect coverage in retirement.

Total OPEB Liability

The District's OPEB liability of \$17,332,682 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.10%
Salary Increases	3.00%

Health Care Trend Rates

	<u>Year</u>	<u>Pre 65</u>	<u>Post 65</u>
Year 1 Trend	July 1, 2018	9%	9%
Ultimate Trend	July 1, 2026 & Later	5%	5%
Grading per Year		1%	1%

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

District Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Retirees Share of Benefit Related Costs

<u>Year of Retirement</u>	<u>Retiree Contribution %</u>	<u>District Contribution %</u>
1st Year of Retirement	0%	100%
2nd Year of Retirement	10%	90%
3rd Year of Retirement	20%	80%
4th Year of Retirement	30%	70%
5th Year of Retirement	40%	60%
6 or More Years of Retirement	50%	50%

The selected discount rate was based on an average of three 20-year bond indices (Bond Buyer 20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of June 30, 2019.

Mortality rates were based on the RP 2014 Healthy Male and Female Mortality Tables which were based on the Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using Projection Scale AA for 3.5 years (from date of table to the valuation date), plus 10 additional years additional mortality improvement.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 15,795,155
Changes for Year:	
Service Cost	770,680
Interest	506,284
Changes in Assumptions	812,643
Benefit Payments	<u>(552,080)</u>
Net Changes	<u>1,537,527</u>
Balance at June 30, 2019	<u>\$ 17,332,682</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

District Plan (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.10 percent) or 1-percentage-point higher (4.10 percent) than the current discount rate:

	June 30, 2019		
	1% Decrease (2.10%)	Discount Rate (3.10%)	1% Increase (4.10%)
	Total OPEB Liability	\$ 19,622,146	\$ 17,332,682

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (10.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	June 30, 2019		
	Healthcare Cost		
	1% Decrease (8.00%) Decreasing to (4.00%)	Trend Rate (9.00%) Decreasing to (5.00%)	1% Increase (10.00%) Decreasing to (6.00%)
Total OPEB Liability	\$ 14,782,975	\$ 17,332,682	\$ 20,500,865

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$1,339,475.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	13	\$ 750,132	\$ - 0 -

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

District Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ 62,511
2021	62,511
2022	62,511
2023	62,511
2024	62,511
Thereafter	437,577
	\$ 750,132

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 Aetna.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The June 30, 2019 audit report for the Group is not available as of the date of this report. Selected summarized financial information for the Group as of June 30, 2018 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 342,337,056
Net Position	\$ 82,580,855
Total Revenue	\$ 133,258,299
Total Expenses	\$ 129,340,074
Members Dividends	\$ -0-
Change in Net Position for the Year Ended June 30, 2018	\$ 3,918,225

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

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.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2018-2019	\$ 50,000	\$ 11,366	\$ 80,801	\$ 68,572	\$ 997,673
2017-2018	50,000	6,373	81,564	63,386	924,078
2016-2017	50,000	2,235	79,216	93,302	849,527

NOTE 12. ECONOMIC DEPENDENCY

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 230,937	
Capital Projects Fund		\$ 230,937
	<u>\$ 230,937</u>	<u>\$ 230,937</u>

The interfund payable from the Capital Projects Fund to the General Fund is a loan due to NJSDA grants receivable for which reimbursement has not yet been submitted.

During the fiscal year, the General Fund transferred \$78,628 to the Special Revenue Fund for the local share of the preschool program.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403(b)

AXA Equitable
FTJ Fund Choice
VALIC
Cetera Investors:
 Foresters Financial (formerly First Investors)
 Lincoln Investment Planning, Inc.
 Lincoln Financial

457

AXA Equitable
FTJ Fund Choice
MetLife Insurance Co.

NOTE 15. TAX CALENDAR

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

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund			
Salaries	\$ 1,551,715	\$ 7,810		\$ 1,559,525	
Vendors	1,015,894	79,239		1,095,133	\$ 15,439
Due to:					
State of New Jersey			\$ 1,202,026	1,202,026	
	<u>\$ 2,567,609</u>	<u>\$ 87,049</u>	<u>\$ 1,202,026</u>	<u>\$ 3,856,684</u>	<u>\$ 15,439</u>

NOTE 17. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Scotch Plains recognized revenue in the amount of \$427,019 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these properties for 2018 without the abatements would have been \$852,655 of which \$544,462 would have been regional school taxes.

The Borough of Fanwood recognized revenue in the amount of \$239,715 from three payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2018 without the abatements would have been \$404,545 of which \$245,687 would have been regional school taxes.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. 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, 2019, 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
\$ 5,530,861	\$ 104,083	\$ 239,047	\$ 5,873,991

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$104,083 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 \$239,047 of fiscal year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$(211,603) unassigned fund balance (deficit) on a GAAP basis at June 30, 2019 which is \$475,926 less on the GAAP basis due to NJSDA grants which have not been recognized.

NOTE 19. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2019:

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Funds
Federal		\$ 68,255	\$ 68,255
State	\$ 1,952,051	6,781	1,958,832
	\$ 1,952,051	\$ 75,036	\$ 2,027,087

**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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.1156785158%	0.1203084491%	0.1217626510%	0.1184811157%	0.1194123416%
District's proportionate share of the Net Pension Liability	\$ 21,658,182	\$ 27,006,836	\$ 36,062,605	\$ 27,580,510	\$ 23,511,695
District's Covered Employee Payroll	\$ 8,036,851	\$ 8,135,292	\$ 7,989,478	\$ 8,241,104	\$ 8,557,148
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	269.49%	331.97%	451.38%	334.67%	274.76%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 953,637	\$ 1,034,330	\$ 1,081,722	\$ 1,129,712	\$ 1,195,423
Contributions in relation to the Contractually Required Contribution	<u>(953,637)</u>	<u>(1,034,330)</u>	<u>(1,081,722)</u>	<u>(1,129,712)</u>	<u>(1,195,423)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 7,865,842	\$ 8,036,851	\$ 8,135,292	\$ 7,989,478	\$ 8,241,104
Contributions as a percentage of Covered Employee Payroll	12.12%	12.87%	13.30%	14.14%	14.51%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the Net Pension Liability attributable to the District	0.3385841334%	0.3310504684%	0.3283018007%	0.3301553659%	0.3294493721%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 180,962,200	\$ 209,238,033	\$ 258,263,100	\$ 222,602,653	\$ 209,588,614
District's Covered Employee Payroll	\$ 32,710,494	\$ 33,340,326	\$ 33,966,880	\$ 35,597,583	\$ 37,281,568
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of the District's Covered Employee Payroll	553.22%	627.58%	760.34%	625.33%	562.18%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 9,737,465	\$ 12,775,866	\$ 19,404,878	\$ 15,420,785	\$ 12,218,283
Contributions in relation to the Contractually Required Contribution	<u>(1,789,780)</u>	<u>(2,628,512)</u>	<u>(3,583,750)</u>	<u>(4,851,626)</u>	<u>(6,713,427)</u>
Contribution Deficiency/(Excess)	<u>\$ 7,947,685</u>	<u>\$ 10,147,354</u>	<u>\$ 15,821,128</u>	<u>\$ 10,569,159</u>	<u>\$ 5,504,856</u>
District's Covered Employee Payroll	\$ 33,340,326	\$ 33,966,880	\$ 35,597,583	\$ 37,281,568	\$ 37,481,877
Contributions as a percentage of Covered Employee Payroll	5.37%	7.74%	10.07%	13.01%	17.91%

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 BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2018	2017
Total OPEB Liability		
Service Cost	\$ 6,846,632	\$ 8,269,076
Interest Cost	6,634,059	5,725,771
Difference Between Expected and Actual Experience	(15,932,833)	
Changes in Assumptions	(17,909,620)	(24,143,890)
Member Contributions	144,233	153,911
Gross Benefit Payments	(4,173,211)	(4,179,815)
Net Change in Total OPEB Liability	(24,390,740)	(14,174,947)
Total OPEB Liability - Beginning	180,459,049	194,633,996
Total OPEB Liability - Ending	\$ 156,068,309	\$ 180,459,049
District's Covered Employee Payroll *	\$ 43,838,687	\$ 41,956,358
Total OPEB Liability as a Percentage of Covered Employee Payroll	356%	430%

* - Covered payroll for the fiscal years ending June 30, 2018 and 2017 is based on the payroll on the June 30, 2017 and 2016 census data, respectively.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 770,680	\$ 727,081
Interest	506,284	517,528
Changes in Assumptions	812,643	
Benefit Payments	<u>(552,080)</u>	<u>(471,959)</u>
Net Change in Total OPEB Liability	1,537,527	772,650
Total OPEB Liability - Beginning	<u>15,795,155</u>	<u>15,022,505</u>
Total OPEB Liability - Ending	<u>\$ 17,332,682</u>	<u>\$ 15,795,155</u>
Covered Employee Payroll *	\$ 50,230,068	\$ 50,230,068
Total OPEB Liability as a Percentage of Covered Employee Payroll	34.51%	31.45%

* - Total Annual Salary (Compensation) based on June 30, 2017 Audited Financial Statements (as per Actuarial Valuation).

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	5.66%	5.00%
Municipal Bond Rate	3.87%	3.58%

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2018	2017
Discount Rate	4.86%	4.25%
Municipal Bond Rate	3.87%	3.58%
Salary Increases:		
2011 - 2026	1.55% - 4.55%	
Thereafter	2.00% - 5.45%	
2012 - 2021		Varies based on
Thereafter		experience

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates utilized in the June 30, 2017 valuation were as follows: Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The mortality rates utilized in the June 30, 2018 valuation were as follows: Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using scale MP-2017. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using scale MP-2017.

The health care trend rates utilized in the June 30, 2017 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates utilized in the June 30, 2018 valuation were as follows: For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

D. DISTRICT POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefit Terms Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.50% as of June 30, 2018 to 3.10% as of June 30, 2019.

BUDGETARY COMPARISON SCHEDULES

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 89,409,067		\$ 89,409,067	\$ 89,409,067	
Transportation Fees from Individuals	23,750		23,750	33,063	\$ 9,313
Interest Earned on Capital Reserve Funds	2,000		2,000	44,141	42,141
Interest Earned on Maintenance Reserve Funds	500		500	27,770	27,270
Unrestricted Miscellaneous Revenues	220,000		220,000	542,886	322,886
Total - Local Sources	89,655,317		89,655,317	90,056,927	401,610
State Sources:					
Categorical Transportation Aid	723,051	\$ 69,722	792,773	792,773	
Special Education Categorical Aid	2,705,322		2,705,322	2,705,322	
Categorical Security Aid	98,844		98,844	98,844	
Extraordinary Special Education Costs Aid	300,000		300,000	1,765,536	1,465,536
Nonpublic School Transportation Costs				55,970	55,970
On-Behalf TPAF Contributions:					
Post-Retirement Medical				3,108,944	3,108,944
Pension				6,713,427	6,713,427
Non-Contributory Insurance				140,530	140,530
Long-Term Disability Insurance				9,143	9,143
Reimbursed TPAF Social Security (Non-Budgeted)				2,655,316	2,655,316
Total State Sources	3,827,217	69,722	3,896,939	18,045,805	14,148,866
Federal Sources:					
Medicaid Reimbursement (SEMI)	31,474		31,474	31,296	(178)
Total Federal Sources	31,474		31,474	31,296	(178)
TOTAL REVENUES	93,514,008	69,722	93,583,730	108,134,028	14,550,298

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,488,873	\$ (19,225)	\$ 1,469,648	\$ 1,460,068	\$ 9,580
Grades 1-5 - Salaries of Teachers	9,985,031	(315,586)	9,669,445	9,528,913	140,532
Grades 6-8 - Salaries of Teachers	7,810,306	(43,113)	7,767,193	7,112,395	654,798
Grades 9-12 - Salaries of Teachers	7,766,822	(27,252)	7,739,570	7,542,367	197,203
Regular Programs - Home Instruction:					
Salaries of Teachers	80,000	(60,879)	19,121	13,766	5,355
Purchased Professional - Educational Services	66,207	(49,268)	16,939	14,356	2,583
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	267,175	(21,446)	245,729	245,729	
Purchased Technical Services	159,030	75,758	234,788	233,978	810
Other Purchased Services (400-500 series)	73,373	(42,631)	30,742	30,742	
General Supplies	882,332	109,607	991,939	747,076	244,863
Textbooks	330,040	238,381	568,421	261,741	306,680
Other Objects	31,424	23,978	55,402	55,402	
Total Regular Programs - Instruction	28,940,613	(131,676)	28,808,937	27,246,533	1,562,404
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	721,308	(105,221)	616,087	616,087	
Other Salaries for Instruction	125,782	(125,782)	4,420	4,420	
Purchased Professional - Educational Services	20,000	(15,580)	4,420	4,420	
Other Purchased Services (400-500 series)	750	(750)			
General Supplies	9,100	(622)	8,478	8,328	150
Total Multiple Disabilities	876,940	(247,955)	628,985	628,835	150

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction: (Cont'd)					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 4,807,466	\$ 30,198	\$ 4,837,664	\$ 4,837,664	
Other Salaries for Instruction	1,186,791	91,644	1,278,435	1,278,435	
Purchased Technical Services	2,200	617	2,817	2,817	
General Supplies	12,742	3,003	15,745	15,745	
Total Resource Room/Resource Center	6,009,199	125,462	6,134,661	6,134,661	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	56,569	(56,569)			
Other Salaries for Instruction	12,597	(12,597)			
General Supplies	2,500	(2,500)			
Total Preschool Disabilities - Part-Time	71,666	(71,666)			
Preschool Disabilities - Full-Time:					
Salaries of Teachers	129,796	21,357	151,153	151,153	
Other Salaries for Instruction		22,623	22,623	22,623	
General Supplies	2,600	(2,136)	464	464	
Total Preschool Disabilities - Full-Time	132,396	41,844	174,240	174,240	
Home Instruction:					
Salaries of Teachers		112,455	112,455	112,455	
Other Purchased Services (400-500 series)		48,440	48,440	48,440	
Total Home Instruction		160,895	160,895	160,895	
Total Special Education Instruction	7,090,201	8,580	7,098,781	7,098,631	\$ 150

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 939,932	\$ (32,458)	\$ 907,474	\$ 892,203	\$ 15,271
Other Purchased Services (400-500 series)	1,200		1,200	625	575
General Supplies	3,500		3,500	3,322	178
Total Basic Skills/Remedial - Instruction	944,632	(32,458)	912,174	896,150	16,024
Bilingual Education - Instruction:					
Salaries of Teachers	118,580		118,580	111,704	6,876
General Supplies	1,500		1,500	1,473	27
Total Bilingual Education - Instruction	120,080		120,080	113,177	6,903
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	325,030		325,030	280,565	44,465
Purchased Services (300-500 series)	25,300	8,807	34,107	28,207	5,900
Supplies and Materials	40,499	1,331	41,830	37,865	3,965
Other Objects	12,300	(1,046)	11,254	9,248	2,006
Total School-Sponsored Cocurricular Activities - Instruction	403,129	9,092	412,221	355,885	56,336
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	773,301	(29,167)	744,134	730,127	14,007
Purchased Services (300-500 series)	148,195	3,707	151,902	146,671	5,231
Supplies and Materials	79,035	4,323	83,358	82,462	896
Other Objects	25,600	4,822	30,422	30,422	
Total School-Sponsored Cocurricular Athletics - Instruction	1,026,131	(16,315)	1,009,816	989,682	20,134
Before/After School Programs - Instruction:					
Salaries of Teachers	10,000		10,000		10,000
Total Before/After School Programs - Instruction	10,000		10,000		10,000

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Summer School - Instruction:	\$ 87,400	\$	\$ 87,400	\$ 69,763	\$ 17,637
Salaries	24,000		24,000	21,986	2,014
Other Salaries for Instruction	111,400		111,400	91,749	19,651
Total Summer School - Instruction					
Total Instruction	38,646,186	\$ (162,777)	38,483,409	36,791,807	1,691,602
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	2,809,977	(539,292)	2,270,685	1,861,942	408,743
Tuition to County Vocational Schools - Regular	1,246,000	(43,100)	1,202,900	1,202,900	
Tuition to County Vocational Schools - Special	36,000	16,000	52,000	52,000	
Tuition to Private Schools for the Disabled - Within the State	3,426,837	7,257	3,434,094	3,410,396	23,698
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	260,320	163,629	423,949	423,949	
Tuition - State Facilities	33,536		33,536	33,536	
Total Undistributed Expenditures - Instruction	7,812,670	(395,506)	7,417,164	6,984,723	432,441
Attendance and Social Work Services:					
Salaries	71,140		71,140	69,227	1,913
Total Attendance and Social Work Services	71,140		71,140	69,227	1,913
Health Services:					
Salaries	869,049	(1,701)	867,348	866,112	1,236
Purchased Professional and Technical Services	11,500	6,365	17,865	17,721	144
Other Purchased Services (400-500 series)	500	(138)	362	362	
Supplies and Materials	22,160	7,436	29,596	29,456	140
Total Health Services	903,209	11,962	915,171	913,651	1,520

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 948,885	\$ (100,920)	\$ 847,965	\$ 770,932	\$ 77,033
Purchased Professional - Educational Services	2,506,249	358,389	2,864,638	2,547,741	316,897
Supplies and Materials	18,000	435	18,435	18,259	176
Other Objects	575	(575)			
Total Other Support Services - Speech, OT, PT and Related Services	3,473,709	257,329	3,731,038	3,336,932	394,106
Other Support Services - Students - Extraordinary Services:					
Salaries	1,052,822	20,720	1,073,542	1,073,062	480
Total Other Support Services - Students - Extraordinary Services	1,052,822	20,720	1,073,542	1,073,062	480
Guidance:					
Salaries of Other Professional Staff	1,098,368	65,211	1,163,579	1,127,071	36,508
Salaries of Secretarial and Clerical Assistants	310,546	(36)	310,510	295,788	14,722
Other Salaries	300	36	336	336	
Other Purchased Professional and Technical Services	5,200		5,200	4,818	382
Supplies and Materials	40,026	(650)	39,376	21,518	17,858
Other Objects	535	650	1,185	697	488
Total Guidance	1,454,975	65,211	1,520,186	1,450,228	69,958
Child Study Team:					
Salaries of Other Professional Staff	1,129,329	(87,020)	1,042,309	1,005,040	37,269
Salaries of Secretarial and Clerical Assistants	280,843		280,843	255,413	25,430
Unused Vacation Payment to Terminated/Retired Staff		482	482	482	
Purchased Professional - Educational Services	80,625	68,627	149,252	124,969	24,283
Other Purchased Professional and Technical Services	45,500	8,928	54,428	27,945	26,483
Miscellaneous Purchased Services	1,900	1,359	3,259	3,259	
Supplies and Materials	30,869	1,648	32,517	32,517	
Other Objects	150	(150)			
Total Child Study Team	1,569,216	(6,126)	1,563,090	1,449,625	113,465

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 744,674	\$	\$ 744,674	\$ 744,673	\$ 1
Salaries of Other Professional Staff	161,359	(7,441)	153,918	124,034	29,884
Salaries of Secretarial and Clerical Assistants	95,176	48	95,224	94,006	1,218
Unused Vacation Payment to Terminated/Retired Staff		6,988	6,988	6,988	
Purchased Professional - Educational Services	78,200		78,200	27,876	50,324
Supplies and Materials	7,000	(1,150)	5,850	2,554	3,296
Other Objects	5,000		5,000		5,000
Total Improvement of Instructional Services	1,091,409	(1,555)	1,089,854	1,000,131	89,723
Educational Media Services/School Library:					
Salaries	738,623	(388)	738,235	687,433	50,802
Purchased Professional and Technical Services	1,200		1,200		1,200
Other Purchased Services (400-500 series)	1,600	27	1,627	1,336	291
Supplies and Materials	80,625	547	81,172	78,943	2,229
Total Educational Media Services/School Library	822,048	186	822,234	767,712	54,522
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	813,206	528	813,734	813,734	
Salaries of Secretarial and Clerical Assistants	82,506	(2,446)	80,060	75,341	4,719
Other Salaries		2,351	2,351	2,351	
Purchased Professional - Educational Services	13,000	(28)	12,972	7,822	5,150
Other Objects	6,000		6,000	4,042	1,958
Total Instructional Staff Training Services	914,712	405	915,117	903,290	11,827

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 385,668	\$ (26,171)	\$ 359,497	\$ 359,497	
Unused Vacation Payment to Terminated/Retired Staff		90,660	90,660	90,660	
Legal Services	165,000	(78,863)	86,137	86,137	
Audit Fees	46,000	2,500	48,500	48,500	
Architectural/Engineering Services	17,570	49,785	67,355	18,955	\$ 48,400
Other Purchased Professional Services	10,680	(680)	10,000	9,250	750
Purchased Technical Services	20,000	7,604	27,604	13,351	14,253
Communications/Telephone	167,701	(1,473)	166,228	165,267	961
BOE Other Purchased Services	7,000	(1,984)	5,016	5,016	
Miscellaneous Purchased Services (400-500 series)	100,207	(4,665)	95,542	95,542	
General Supplies	6,700	(2,199)	4,501	4,501	
Miscellaneous Expenditures	19,500	(1,227)	18,273	18,273	
BOE Membership Dues and Fees	30,000	(887)	29,113	29,113	
Total Support Services - General Administration	976,026	32,400	1,008,426	944,062	64,364
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,934,403		1,934,403	1,934,401	2
Salaries of Other Professional Staff	173,691	(1,183)	172,508	172,508	
Salaries of Secretarial and Clerical Assistants	790,510	(530)	789,980	787,330	2,650
Purchased Professional and Technical Services	500		500	350	150
Supplies and Materials	25,619	2,113	27,732	23,049	4,683
Other Objects	2,000		2,000	1,800	200
Total Support Services - School Administration	2,926,723	400	2,927,123	2,919,438	7,685

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 849,081	\$ (5,327)	\$ 843,754	\$ 843,754	
Purchased Professional Services	62,000	9,625	71,625	57,154	\$ 14,471
Purchased Technical Services	136,711	536	137,247	95,673	41,574
Miscellaneous Purchased Services (400-500 series)	4,500	100	4,600	4,114	486
Supplies and Materials	37,699	(1,572)	36,127	29,553	6,574
Miscellaneous Expenditures	9,500	(3,363)	6,137	5,977	160
Total Central Services	1,099,491	(1)	1,099,490	1,036,225	63,265
Administration Information Technology:					
Salaries	261,750	1,000	262,750	238,203	24,547
Purchased Professional Services	180,200		180,200	93,006	87,194
Purchased Technical Services	74,500	(4,553)	69,947	39,197	30,750
Other Purchased Services (400-500 series)	5,000		5,000	2,537	2,463
Supplies and Materials	13,299		13,299	5,543	7,756
Total Administration Information Technology	534,749	(3,553)	531,196	378,486	152,710
Required Maintenance for School Facilities:					
Salaries	727,100	(68,204)	658,896	647,657	11,239
Unused Vacation Payment to Terminated/Retired Staff		6,952	6,952	6,952	
Cleaning, Repair and Maintenance Services	980,200	1,441,779	2,421,979	926,080	1,495,899
General Supplies	326,230	(79,880)	246,350	232,969	13,381
Other Objects	4,000	1,323	5,323	5,323	
Total Required Maintenance for School Facilities	2,037,530	1,301,970	3,339,500	1,818,981	1,520,519

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 2,520,604	\$ (64,873)	\$ 2,455,731	\$ 2,386,960	\$ 68,771
Salaries of Non-Instructional Aides	452,095	11,479	463,574	374,246	77,849
Unused Vacation Payment to Terminated/Retired Staff			11,479	11,479	
Purchased Professional and Technical Services	182,130	(20,385)	161,745	139,045	22,700
Cleaning, Repair and Maintenance Services	343,054	(14,743)	328,311	322,322	5,989
Other Purchased Property Services	180,033	(11,489)	168,544	168,215	329
Insurance	315,309	(12,737)	302,572	302,572	
General Supplies	245,702	28,242	273,944	273,502	442
Energy (Natural Gas)	260,000	22,829	282,829	272,329	10,500
Energy (Electricity)	750,000	181	750,181	750,181	
Energy (Gasoline)	25,000	(4,759)	20,241	20,241	
Total Custodial Services	5,273,927	(66,255)	5,207,672	5,021,092	186,580
Care and Upkeep of Grounds:					
Salaries	325,304	5,476	330,780	330,780	
Cleaning, Repair and Maintenance Services	66,180	44,600	110,780	32,040	78,740
Travel - All Other		200	200	200	
General Supplies	88,000	(21,759)	66,241	58,053	8,188
Total Care and Upkeep of Grounds	479,484	28,517	508,001	421,073	86,928
Security:					
Salaries	166,106	(2,150)	163,956	161,773	2,183
Purchased Professional and Technical Services	315,000	25,528	340,528	338,711	1,817
Cleaning, Repair and Maintenance Services	253		253	253	
General Supplies	151,094	230	151,324	84,678	66,646
Total Security	632,453	23,608	656,061	585,415	70,646

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 335,511	\$ (2,351)	\$ 333,160	\$ 332,606	\$ 554
Between Home and School - Special	8,000	482	8,482	7,997	485
Other Than Between Home and School - Regular	125,000	(7,532)	117,468	113,108	4,360
Management Fee - ESC & CTSA Transportation Program	70,000	(3,047)	66,953	60,165	6,788
Other Purchased Professional and Technical Services	8,000	(2,339)	5,661	5,661	
Cleaning, Repair and Maintenance Services	5,500	(3,375)	2,125	2,125	
Contracted Services:					
Aid in Lieu Payments:					
Nonpublic Schools	160,000	35,000	195,000	188,200	6,800
Charter Schools	1,000		1,000	1,000	
Choice Schools	1,000	(1,000)			
Between Home and School - Vendors	475,000	(33,393)	441,607	441,607	
Other Than Between Home and School - Vendors	66,000	(15,358)	50,642	48,604	2,038
Special Education Students - Vendors	400,000	(38,346)	361,654	361,654	
Regular Students - ESCs & CTSA	40,000	(33,030)	6,970	6,560	410
Special Education Students - ESCs & CTSA	1,500,000	233,575	1,733,575	1,672,569	61,006
Miscellaneous Purchased Services	5,000	4,422	9,422	9,422	
General Supplies	1,000	(1,000)			
Transportation Supplies	65,000	(17,893)	47,107	47,107	
Other Objects	650	170	820	820	
Total Student Transportation Services	3,266,661	114,985	3,381,646	3,299,205	82,441
Allocated Benefits:					
Regular Programs - Instruction:					
Tuition Reimbursement	137,500	800	138,300	133,817	4,483
Total Allocated Benefits - Regular Programs - Instruction	137,500	800	138,300	133,817	4,483

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Allocated Benefits:					
Improvement of Instruction Services:					
Tuition Reimbursement	\$ 13,000	\$ (10,995)	\$ 2,005		\$ 2,005
Total Allocated Benefits - Improvement of Instruction Services	13,000	(10,995)	2,005		2,005
Support Services - School Administration:					
Tuition Reimbursement	26,800	10,195	36,995	\$ 31,995	5,000
Total Allocated Benefits - Support Services - School Administration	26,800	10,195	36,995	31,995	5,000
Total Allocated Benefits	177,300		177,300	165,812	11,488
Unallocated Benefits:					
Social Security Contributions	1,150,000	95,717	1,245,717	1,018,537	227,180
Other Retirement Contributions - PERS	1,237,527	(42,104)	1,195,423	1,195,423	
Other Retirement Contributions - DCRP	32,000	(5,392)	26,608	26,608	
Unemployment Compensation	50,000		50,000	50,000	
Workmen's Compensation	366,384	95,647	462,031	462,031	
Health Benefits	16,327,635	(299,925)	16,027,710	15,725,360	302,350
Other Employee Benefits	434,100	(31,822)	402,278	402,193	85
Unused Sick Payment to Terminated/Retired Staff	100,000	(354)	99,646	88,630	11,016
Total Unallocated Benefits	19,697,646	(188,233)	19,509,413	18,968,782	540,631

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf TPAF Contributions (Non-Budgeted):					
Post-Retirement Medical				\$ 3,108,944	\$ (3,108,944)
Pension				6,713,427	(6,713,427)
Non-Contributory Insurance				140,530	(140,530)
Long-Term Disability Insurance				9,143	(9,143)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,655,316	(2,655,316)
Total On-Behalf and Reimbursed Contributions				12,627,360	(12,627,360)
Total Personal Services - Employee Benefits	\$ 19,874,946	\$ (188,233)	\$ 19,686,713	31,761,954	(12,075,241)
Total Undistributed Expenses	56,267,900	1,196,464	57,464,364	66,134,512	(8,670,148)
TOTAL GENERAL CURRENT EXPENSE	94,914,086	1,033,687	95,947,773	102,926,319	(6,978,546)
CAPITAL OUTLAY					
Equipment:					
School-Sponsored Cocurricular Athletics - Instruction	4,170	3,597	7,767	4,170	3,597
Undistributed Expenditures:					
Instruction	291,924	91,417	383,341	303,995	79,346
Central Services		11,725	11,725	11,725	
Required Maintenance for School Facilities		662,090	662,090	47,793	614,297
Custodial Services	9,815		9,815	9,815	
Care and Upkeep of Grounds		92,113	92,113	5,660	86,453
Security	525,362	100,719	626,081	445,551	180,530
School Buses - Regular	208,525	100,972	309,497	203,740	105,757
Total Equipment	1,039,796	1,062,633	2,102,429	1,032,449	1,069,980

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 66,084	\$ 12,600	\$ 78,684	\$ 76,434	\$ 2,250
Construction Services	4,150,225	2,349,204	6,499,429	4,101,712	2,397,717
Lease Purchase Agreements - Principal	650,000		650,000	648,278	1,722
Other Objects (Debt Service Assessment)	165,426		165,426	165,426	
Total Facilities Acquisition and Construction Services	5,031,735	2,361,804	7,393,539	4,991,850	2,401,689
Assets Acquired Under Capital Leases (Non-Budgeted):					
Equipment:					
Undistributed Expenditures:				608,000	(608,000)
Instruction				608,000	(608,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)					
TOTAL CAPITAL OUTLAY	6,071,531	3,424,437	9,495,968	6,632,299	2,863,669
Transfer of Funds to Charter Schools	17,630	18,803	36,433	36,433	
TOTAL EXPENDITURES	101,003,247	4,476,927	105,480,174	109,595,051	(4,114,877)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(7,489,239)	(4,407,205)	(11,896,444)	(1,461,023)	10,435,421
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				608,000	608,000
Transfers In:					
Capital Projects Fund Unexpended Balances - Capital Outlay				19,334	19,334
Transfers Out:					
Board Contribution:					
Special Revenue Fund - PreK - Inclusion	(181,709)	103,081	(78,628)	(78,628)	
Total Other Financing Sources/(Uses)	(181,709)	103,081	(78,628)	548,706	627,334

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (7,670,948)	\$ (4,304,124)	\$ (11,975,072)	\$ (912,317)	\$ 11,062,755
Fund Balance, July 1	<u>19,234,311</u>		<u>19,234,311</u>	<u>19,234,311</u>	
Fund Balance, June 30	<u>\$ 11,563,363</u>	<u>\$ (4,304,124)</u>	<u>\$ 7,259,239</u>	<u>\$ 18,321,994</u>	<u>\$ 11,062,755</u>
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 1,000,000	
Excess Surplus				1,000,000	
Capital Reserve				5,684,469	
Maintenance Reserve				1,656,392	
Assigned:					
Encumbrances				5,530,861	
Unassigned				<u>3,450,272</u>	
				<u>18,321,994</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(327,947)</u>	
June State Aid Payments not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 17,994,047</u>	

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Unaudited)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 749,900	\$ 83,275	\$ 833,175	\$ 595,248	\$ (237,927)
Federal Sources	1,380,900	245,194	1,626,094	1,560,597	(65,497)
Local Sources	374,976	185,472	560,448	511,351	(49,097)
Total Revenues	2,505,776	513,941	3,019,717	2,667,196	(352,521)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	181,709	(103,081)	78,628	78,628	
Total Revenues and Other Financing Sources	2,687,485	410,860	3,098,345	2,745,824	(352,521)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	624,170	1,155	625,325	620,383	4,942
Purchased Services	30,390	9,108	39,498	37,360	2,138
Other Purchased Services	994,400	162,965	1,157,365	1,156,565	800
General Supplies	42,165	88,586	130,751	87,088	43,663
Textbooks	57,800	(1,998)	55,802	55,568	234
Other Objects	1,360	1,580	2,940	2,940	
Total Instruction	1,750,285	261,396	2,011,681	1,959,904	51,777
Support Services					
Personal Services - Salaries		38,508	38,508	26,187	12,321
Personal Services - Employee Benefits		17,095	17,095	9,912	7,183
Purchased Professional/Educational Services	722,200	43,883	766,083	509,080	257,003
Purchased Professional and Technical Services	200,000	(2,020)	197,980	197,980	
Other Purchased Services	14,850	20,899	35,749	23,535	12,214
Supplies and Materials		23,649	23,649	11,626	12,023
Other Objects	150	7,450	7,600	7,600	
Total Support Services	937,200	149,464	1,086,664	785,920	300,744
Total Expenditures	2,687,485	410,860	3,098,345	2,745,824	352,521
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, 2019
(Unaudited)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 108,134,028	\$ 2,667,196
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		(104,083)
Prior Year Encumbrances		3,613
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	290,058	4,950
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(327,947)</u>	<u>(4,950)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 108,096,139</u>	<u>\$ 2,566,726</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 109,595,051	\$ 2,745,824
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		(104,083)
Prior Year Encumbrances		<u>3,613</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 109,595,051</u>	<u>\$ 2,645,354</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019 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 in 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, 2019

	Elementary and Secondary Education Act			
	Title I	Title IIA	Title III Immigrant	Title IV
REVENUE:				
State Sources				
Federal Sources	\$ 137,091	\$ 56,976	\$ 4,745	\$ 8,472
Local Sources				
Total Revenue	<u>137,091</u>	<u>56,976</u>	<u>4,745</u>	<u>8,472</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	<u>\$ 137,091</u>	<u>\$ 56,976</u>	<u>\$ 4,745</u>	<u>\$ 8,472</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 106,803			
Purchased Services	3,200			
Other Purchased Services				
General Supplies	9,522		\$ 1,322	
Textbooks				
Other Objects				
Total Instruction	<u>119,525</u>		<u>1,322</u>	
Support Services:				
Personal Services - Salaries	3,192	\$ 19,572		
Personal Services - Employee Benefits	8,415	1,497	3,423	
Purchased Professional/Educational Services		18,900		
Purchased Professional and Technical Services				
Other Purchased Services		5,758		6,454
Supplies and Materials	5,959	3,649		2,018
Other Objects		7,600		
Total Support Services	<u>17,566</u>	<u>56,976</u>	<u>3,423</u>	<u>8,472</u>
Total Expenditures	<u>\$ 137,091</u>	<u>\$ 56,976</u>	<u>\$ 4,745</u>	<u>\$ 8,472</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, 2019

	NJ Nonpublic			
	I.D.E.A. - Part B, Basic Regular	Preschool	Textbooks	Nursing Technology Initiative
REVENUE:				
State Sources				
Federal Sources	\$ 1,296,576	\$ 56,737	\$ 55,568	\$ 90,598
Local Sources				8,449
Total Revenue	1,296,576	56,737	55,568	90,598
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	\$ 1,296,576	\$ 56,737	\$ 55,568	\$ 90,598
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				
Purchased Services				
Other Purchased Services	\$ 1,098,596	\$ 56,737		
General Supplies				
Textbooks			\$ 55,568	
Other Objects				
Total Instruction	1,098,596	56,737	55,568	
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits				
Purchased Professional/Educational Services	197,980			\$ 90,598
Purchased Professional and Technical Services				8,449
Other Purchased Services				
Supplies and Materials				
Other Objects				
Total Support Services	197,980			90,598
Total Expenditures	\$ 1,296,576	\$ 56,737	\$ 55,568	\$ 90,598

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	NJ Nonpublic Security	Preschool Education Aid	Compensatory Education	Transportation	Home Instruction
REVENUE:					
State Sources	\$ 53,806	\$ 49,500	\$ 58,804	\$ 18,289	\$ 6,781
Federal Sources					
Local Sources		329,565			
Total Revenue	53,806	379,065	58,804	18,289	6,781
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		78,628			
Total Revenue and Other Financing Sources	\$ 53,806	\$ 457,693	\$ 58,804	\$ 18,289	\$ 6,781
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		\$ 442,100			
Purchased Services					
Other Purchased Services					
General Supplies		15,593			
Textbooks					
Other Objects					
Total Instruction		457,693			
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services	\$ 53,806		\$ 58,804	\$ 18,289	\$ 6,781
Purchased Professional and Technical Services					
Other Purchased Services					
Supplies and Materials					
Other Objects					
Total Support Services	53,806		58,804	18,289	6,781
Total Expenditures	\$ 53,806	\$ 457,693	\$ 58,804	\$ 18,289	\$ 6,781

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic Handicapped Services (Chapter 193)			Local	Totals
	Supplementary	Examination &	Corrective	Programs	June 30, 2019
	Instruction	Classification	Speech		
REVENUE:					
State Sources	\$ 124,501	\$ 110,292	\$ 18,660		\$ 595,248
Federal Sources				\$ 181,786	1,560,597
Local Sources					511,351
Total Revenue	<u>124,501</u>	<u>110,292</u>	<u>18,660</u>	<u>181,786</u>	<u>2,667,196</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					78,628
Total Revenue and Other Financing Sources	<u>\$ 124,501</u>	<u>\$ 110,292</u>	<u>\$ 18,660</u>	<u>\$ 181,786</u>	<u>\$ 2,745,824</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries				\$ 71,480	\$ 620,383
Purchased Services				34,160	37,360
Other Purchased Services				1,232	1,156,565
General Supplies				60,651	87,088
Textbooks					55,568
Other Objects				2,940	2,940
Total Instruction				<u>170,463</u>	<u>1,959,904</u>
Support Services:					
Personal Services - Salaries					26,187
Personal Services - Employee Benefits					9,912
Purchased Professional/Educational Services	\$ 124,501	\$ 110,292	\$ 18,660		509,080
Purchased Professional and Technical Services				11,323	197,980
Other Purchased Services					23,535
Supplies and Materials					11,626
Other Objects					7,600
Total Support Services	<u>124,501</u>	<u>110,292</u>	<u>18,660</u>	<u>11,323</u>	<u>785,920</u>
Total Expenditures	<u>\$ 124,501</u>	<u>\$ 110,292</u>	<u>\$ 18,660</u>	<u>\$ 181,786</u>	<u>\$ 2,745,824</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

District-Wide Total

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 442,100	\$ 442,100	
General Supplies	15,593	15,593	
Total Instruction	457,693	457,693	
 Total Expenditures	 \$ 457,693	 \$ 457,693	 \$ - 0 -

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2018-2019 Preschool Education Aid Allocation	\$ 49,500
Add: Actual Preschool Education Carryover (June 30, 2018)	-0-
Add: Budgeted Transfer from the General Fund 2018-19	78,628
Add: Budgeted Tuition 2018-19	329,565
Total Preschool Education Aid Funds Available for 2018-2019 Budget	457,693
Less: 2018-2019 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(457,693)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	- 0 -
Add: June 30, 2019 Unexpended Preschool Education Aid	- 0 -
Less: 2018-2019 Commissioner-approved Transfer to the General Fund	- 0 -
2018-2019 Carryover - Preschool Education Aid	\$ - 0 -
2018-2019 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2019-2020	\$ - 0 -

CAPITAL PROJECTS FUND

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:

Total Revenue and Other Financing Sources	\$ - 0 -
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Expenditures and Other Financing Uses:

Construction Services	555,803
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Transfer to General Fund:

Unexpended Balances - Capital Outlay	19,334
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Total Expenditures and Other Financing Uses	575,137
---------------------------------------------	---------

Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	(575,137)

Fund Balance - Beginning	820,126
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Fund Balance - Ending	\$ 244,989
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Recapitulation of Fund Balance at June 30, 2019:

Committed - Year-End Encumbrances	\$ 239,047
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Committed	5,942
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Fund Balance per Governmental Funds (Budgetary Basis)	244,989
-------------------------------------------------------	---------

Reconciliation to Governmental Funds Statement (GAAP Basis):	
SDA Grants not Recognized on the GAAP Basis	(475,926)

Fund Balance/(Deficit) per Governmental Funds (GAAP Basis)	\$ (230,937)
------------------------------------------------------------	--------------

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PARK MIDDLE SCHOOL - STAGE LIGHTS AND SOUND PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 583,298	\$ (19,334)	\$ 563,964	\$ 563,964
Total Revenue and Other Financing Sources	583,298	(19,334)	563,964	563,964
Expenditures:				
Construction Services	8,161	555,803	563,964	563,964
Total Expenditures	8,161	555,803	563,964	563,964
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 575,137	\$ (575,137)	\$ -0-	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 373,298
Change Orders	- 0 -
Additional Authorization	210,000
Unexpended Funds Returned to Capital Outlay	(19,334)
Revised Authorized Cost	\$ 563,964
Change Order Percentage	0.00%
Percentage Completion	100.00%
Original Target Completion Date	11/30/17
Revised Target Completion Date	12/31/18

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, 2019

	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		1,091,490	1,091,490
Expenditures:				
Purchased Professional and Technical Services	27,610		27,610	33,110
Construction Services	906,831		906,831	1,058,380
Total Expenditures	934,441		934,441	1,091,490
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 157,049		\$ 157,049	\$ - 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	100.00%
Original Target Completion Date	12/31/15
Revised Target Completion Date	12/31/18

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, 2019

	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		728,010	728,010
Expenditures:				
Purchased Professional and Technical Services	28,074		28,074	28,516
Construction Services	611,996		611,996	699,494
Total Expenditures	640,070		640,070	728,010
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	\$ 87,940		\$ 87,940	\$ - 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	100.00%			
Original Target Completion Date	12/31/15			
Revised Target Completion Date	12/31/18			

PROPRIETARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Summer Community Education Program</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 780,775	\$ 140,556	\$ 921,331
Accounts Receivable:			
Other	738		738
Inventories	7,261		7,261
Total Current Assets	<u>788,774</u>	<u>140,556</u>	<u>929,330</u>
Non-Current Assets:			
Capital Assets	878,032		878,032
Less: Accumulated Depreciation	<u>(238,906)</u>		<u>(238,906)</u>
Total Non-Current Assets	<u>639,126</u>		<u>639,126</u>
Total Assets	<u>1,427,900</u>	<u>140,556</u>	<u>1,568,456</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	15,045	394	15,439
Unearned Revenue - Prepaid Sales	<u>63,681</u>		<u>63,681</u>
Total Current Liabilities	<u>78,726</u>	<u>394</u>	<u>79,120</u>
Total Liabilities	<u>78,726</u>	<u>394</u>	<u>79,120</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	639,126		639,126
Unrestricted	<u>710,048</u>	<u>140,162</u>	<u>850,210</u>
Total Net Position	<u>\$ 1,349,174</u>	<u>\$ 140,162</u>	<u>\$ 1,489,336</u>

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, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Total</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	Summer Community Education Program	
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Non-Reimbursable Programs	\$ 1,883,213		\$ 1,883,213
Special Events	13,231		13,231
Program Fees		\$ 65,295	65,295
Total Operating Revenue	<u>1,896,444</u>	<u>65,295</u>	<u>1,961,739</u>
Operating Expenses:			
Cost of Sales:			
Non-Reimbursable Programs	815,622		815,622
Salaries	526,748	51,482	578,230
Payroll Taxes	73,520		73,520
Employee Benefits	50,870		50,870
Purchased Property Services	19,628		19,628
Management Fee	99,390		99,390
Insurance	68,742		68,742
Supplies and Materials	63,311	2,467	65,778
Depreciation Expense	43,342		43,342
Total Operating Expenses	<u>1,761,173</u>	<u>53,949</u>	<u>1,815,122</u>
Operating Income	<u>135,271</u>	<u>11,346</u>	<u>146,617</u>
Non-Operating Revenue:			
Local Sources - Interest Revenue	9,688	1,160	10,848
Total Non-Operating Revenue	<u>9,688</u>	<u>1,160</u>	<u>10,848</u>
Change in Net Position Before Other Item	144,959	12,506	157,465
Other Item - Disposal of Capital Assets, Net	<u>(5,340)</u>		<u>(5,340)</u>
Change in Net Position	139,619	12,506	152,125
Net Position - Beginning of Year	<u>1,209,555</u>	<u>127,656</u>	<u>1,337,211</u>
Net Position - End of Year	<u>\$ 1,349,174</u>	<u>\$ 140,162</u>	<u>\$ 1,489,336</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 1,898,785	\$ 65,689	\$ 1,964,474
Payments to Employees	(25,789)	(51,482)	(77,271)
Payments to Food Service Vendor	(1,696,382)		(1,696,382)
Payments to Suppliers	(46,787)	(4,417)	(51,204)
Net Cash Provided by Operating Activities	129,827	9,790	139,617
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(192,456)		(192,456)
Net Cash Used for Capital Financing Activities	(192,456)		(192,456)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	16,268		16,268
State Sources	1,264		1,264
Net Cash Provided by Noncapital Financing Activities	17,532		17,532
Cash Flows from Investing Activities:			
Interest Revenue	9,688	1,160	10,848
Net Cash Provided by Investing Activities	9,688	1,160	10,848
Net Increase/(Decrease) in Cash and Cash Equivalents	(35,409)	10,950	(24,459)
Cash and Cash Equivalents, July 1	816,184	129,606	945,790
Cash and Cash Equivalents, June 30	\$ 780,775	\$ 140,556	\$ 921,331
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 135,271	\$ 11,346	\$ 146,617
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	43,342		43,342
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(738)		(738)
(Increase) in Inventory	(753)		(753)
(Decrease) in Accounts Payable	(47,536)	(1,556)	(49,092)
(Decrease) in Interfund Payable	(2,838)		(2,838)
Increase in Unearned Revenue	3,079		3,079
Net Cash Provided by Operating Activities	\$ 129,827	\$ 9,790	\$ 139,617

FIDUCIARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<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	\$ 209,436	\$ 511,832	\$ 721,268	\$ 997,673	\$ 58,414
Total Assets	<u>209,436</u>	<u>511,832</u>	<u>721,268</u>	<u>997,673</u>	<u>58,414</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		511,832	511,832		
Due to Student Groups	<u>209,436</u>		<u>209,436</u>		
Total Liabilities	<u>209,436</u>	<u>511,832</u>	<u>721,268</u>		
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims			997,673		
Flexible Spending Claims					<u>58,414</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 997,673</u>	<u>\$ 58,414</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 80,801	\$ 56,130
Employer	50,000	
Total Contributions	<u>130,801</u>	<u>56,130</u>
Investment Earnings:		
Interest	11,366	531
Net Investment Earnings	<u>11,366</u>	<u>531</u>
Total Additions	<u>142,167</u>	<u>56,661</u>
DEDUCTIONS:		
Quarterly Contribution Reports and Unemployment Benefit Claims	68,572	
Flexible Spending Claims		45,653
Total Deductions	<u>68,572</u>	<u>45,653</u>
Change in Net Position	73,595	11,008
Net Position - Beginning of the Year	<u>924,078</u>	<u>47,406</u>
Net Position - End of the Year	<u>\$ 997,673</u>	<u>\$ 58,414</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 193,481	\$ 767,009	\$ 751,054	\$ 209,436
Total Assets	<u>\$ 193,481</u>	<u>\$ 767,009</u>	<u>\$ 751,054</u>	<u>\$ 209,436</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 193,481	\$ 767,009	751,054	\$ 209,436
Total Liabilities	<u>\$ 193,481</u>	<u>\$ 767,009</u>	<u>\$ 751,054</u>	<u>\$ 209,436</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Senior High School:				
Scotch Plains-Fanwood	\$ 127,323	\$ 361,032	\$ 373,881	\$ 114,474
Student Athletic Account	605	134,977	130,407	5,175
Middle Schools:				
Park	10,752	60,547	58,036	13,263
Terrill	12,779	71,733	67,040	17,472
Elementary Schools	2,746	28,808	27,412	4,142
Music Fund	39,276	109,912	94,278	54,910
Total All Schools	<u>\$ 193,481</u>	<u>\$ 767,009</u>	<u>\$ 751,054</u>	<u>\$ 209,436</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 506,744	\$ 56,371,591	\$ 56,366,503	\$ 511,832
Total Assets	<u>\$ 506,744</u>	<u>\$ 56,371,591</u>	<u>\$ 56,366,503</u>	<u>\$ 511,832</u>
<u>LIABILITIES:</u>				
Interfund Payable:				
General Fund		\$ 9,939	\$ 9,939	
Payroll Deductions and Withholdings	\$ 506,744	56,361,652	56,356,564	\$ 511,832
Total Liabilities	<u>\$ 506,744</u>	<u>\$ 56,371,591</u>	<u>\$ 56,366,503</u>	<u>\$ 511,832</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2018	Retired/Matured	Balance June 30, 2019
			Date	Amount				
School Refunding Bonds	02/11/10	\$ 12,180,000	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%	\$ 5,435,000	\$ 1,185,000	\$ 4,250,000
					\$ 5,435,000	\$ 1,185,000	\$ 4,250,000	

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

Item	Interest Rate	Original Issue	Balance July 1, 2018	Issued	Retired/ Matured	Balance June 30, 2019
Technology Equipment	1.469%	\$ 647,000	\$ 163,118		\$ 163,118	
Technology Equipment	1.716%	675,000	324,861		161,049	\$ 163,812
Technology Equipment	1.785%	635,000	465,221		152,339	312,882
Technology Equipment	3.035%	608,000		\$ 608,000	155,449	452,551
			<u>\$ 953,200</u>	<u>\$ 608,000</u>	<u>\$ 631,955</u>	<u>\$ 929,245</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,409,450		\$ 1,409,450	\$ 1,409,450	
Total Revenues	1,409,450		1,409,450	1,409,450	
EXPENDITURES:					
Regular Debt Service:					
Interest	224,450		224,450	224,450	
Redemption of Principal	1,185,000		1,185,000	1,185,000	
Total Regular Debt Service	1,409,450		1,409,450	1,409,450	
Total Expenditures	1,409,450		1,409,450	1,409,450	
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)

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

Contents

	<u>Exhibit</u>
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
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,				
	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 15,176,305	\$ 15,517,308	\$ 15,587,946	\$ 17,122,257	\$ 19,820,524
Restricted	1,729,678	5,853,356	9,477,280	10,688,069	10,432,126
Unrestricted/(Deficit)	(284,303)	879,152	1,234,782	474,462	(19,093,088)
Total Governmental Activities Net Position	<u>\$ 16,621,680</u>	<u>\$ 22,249,816</u>	<u>\$ 26,300,008</u>	<u>\$ 28,284,788</u>	<u>\$ 11,159,562</u>
Business-type Activities:					
Investment in Capital Assets	\$ 81,810	\$ 119,819	\$ 155,084	\$ 132,144	\$ 198,375
Unrestricted	544,629	582,945	515,259	564,173	574,136
Total Business-Type Activities Net Position	<u>\$ 626,439</u>	<u>\$ 702,764</u>	<u>\$ 670,343</u>	<u>\$ 696,317</u>	<u>\$ 772,511</u>
District-wide:					
Net Investment in Capital Assets	\$ 15,258,115	\$ 15,637,127	\$ 15,743,030	\$ 17,254,401	\$ 20,018,899
Restricted	1,729,678	5,853,356	9,477,280	10,688,069	10,432,126
Unrestricted/(Deficit)	260,326	1,462,097	1,750,041	1,038,635	(18,518,952)
Total District Net Position	<u>\$ 17,248,119</u>	<u>\$ 22,952,580</u>	<u>\$ 26,970,351</u>	<u>\$ 28,981,105</u>	<u>\$ 11,932,073</u>
	June 30,				
	2015	2016	2017	2018	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 24,000,346	\$ 30,497,258	\$ 37,610,963	\$ 40,674,193	\$ 45,813,783
Restricted	13,091,638	12,917,942	10,940,585	9,401,649	9,340,861
Unrestricted (Deficit)	(18,154,637)	(18,910,330)	(35,222,857)	(34,311,274)	(36,904,217)
Total Governmental Activities Net Position	<u>\$ 18,937,347</u>	<u>\$ 24,504,870</u>	<u>\$ 13,328,691</u>	<u>\$ 15,764,568</u>	<u>\$ 18,250,427</u>
Business-type Activities:					
Investment in Capital Assets	\$ 340,838	\$ 418,966	\$ 476,491	\$ 495,352	\$ 639,126
Unrestricted	489,676	544,553	671,249	841,859	850,210
Total Business-Type Activities Net Position	<u>\$ 830,514</u>	<u>\$ 963,519</u>	<u>\$ 1,147,740</u>	<u>\$ 1,337,211</u>	<u>\$ 1,489,336</u>
District-wide:					
Net Investment in Capital Assets	\$ 24,341,184	\$ 30,916,224	\$ 38,087,454	\$ 41,169,545	\$ 46,452,909
Restricted	13,091,638	12,917,942	10,940,585	9,401,649	9,340,861
Unrestricted/(Deficit)	(17,664,961)	(18,365,777)	(34,551,608)	(33,469,415)	(36,054,007)
Total District Net Position	<u>\$ 19,767,861</u>	<u>\$ 25,468,389</u>	<u>\$ 14,476,431</u>	<u>\$ 17,101,779</u>	<u>\$ 19,739,763</u>

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 34,892,752	\$ 34,974,613	\$ 35,282,492	\$ 37,140,797	\$ 35,478,201	\$ 40,521,714	\$ 43,692,898	\$ 49,923,482	\$ 52,747,279	\$ 49,868,459
Special Education	8,262,388	8,054,577	8,584,624	8,938,963	8,694,618	9,859,045	10,934,944	12,500,181	14,513,061	14,167,892
Other Special Instruction	1,197,979	1,108,568	999,260	1,050,855	1,192,944	1,376,937	1,563,583	1,770,756	1,967,139	1,799,646
Other Instruction	1,758,112	1,482,290	1,546,737	1,628,973	1,696,535	1,902,654	2,000,304	2,248,680	2,508,663	2,346,662
Support Services:										
Tuition	6,932,769	6,965,007	6,423,166	6,858,331	6,678,878	5,611,000	5,831,628	6,965,262	7,148,759	6,984,723
Student & Instruction Related Services	10,937,889	9,937,521	10,533,909	11,473,965	11,588,432	13,724,324	15,474,770	17,352,966	18,579,305	18,207,270
General Administrative Services	1,028,764	933,389	1,016,294	977,288	956,102	995,246	997,976	1,086,903	1,203,243	1,433,354
School Administrative Services	3,844,802	3,795,205	3,900,767	3,999,547	3,958,554	4,416,941	4,738,566	5,286,367	5,673,581	5,382,820
Central Services	1,368,378	1,297,661	1,096,883	1,233,652	1,304,897	1,419,966	1,554,422	1,711,539	1,803,640	1,737,018
Administrative Information Technology	503,050	468,516	395,203	534,482	452,867	530,507	562,430	582,113	648,683	582,295
Plant Operations and Maintenance	8,430,303	8,634,741	8,806,384	8,568,519	9,878,576	11,168,268	12,109,564	12,488,899	11,528,538	11,498,861
Pupil Transportation	2,796,350	2,618,482	2,773,873	3,202,465	3,201,989	3,250,503	3,357,758	3,648,484	3,503,244	3,702,192
Charter Schools	46,894	28,347		12,452		29,914	13,382	15,619	15,619	36,433
Interest on Long-term Debt	676,764	634,086	568,395	508,890	434,941	385,708	350,352	319,387	240,213	223,271
Unallocated Depreciation	971,967	1,144,601	1,135,544	1,200,658	995,807	1,022,329	1,099,731	1,172,750	1,415,613	1,470,694
Total Governmental Activities Expenses	83,649,161	82,077,604	83,063,531	87,329,837	86,513,341	96,215,056	104,282,308	117,073,388	123,496,580	119,441,590
Business-Type Activities:										
Food Service	1,235,126	1,306,592	1,539,363	1,408,969	1,469,874	1,426,093	1,531,493	1,641,624	1,695,605	1,761,173
Summer Community Education Program	85,797	61,365	52,188	63,149	52,971	48,441	49,793	52,930	54,022	53,949
Total Business-Type Activities Expenses	1,320,923	1,367,957	1,591,551	1,472,118	1,522,845	1,474,534	1,581,286	1,694,554	1,749,627	1,815,122
Total District-Wide Expenses	84,970,084	83,445,561	84,655,082	88,801,955	88,036,186	97,689,590	105,863,594	118,767,942	125,246,207	121,256,712
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)					106,293	3,493				
Instruction (Preschool Tuition)	229,550	225,670	299,174	343,687	274,795	238,535	241,240	326,598	370,043	362,628
Other Instruction (Student Activity Fees)	135,600	111,820								
Operating Grants and Contributions	11,835,634	9,377,705	10,960,053	12,791,667	12,262,293	21,162,898	24,893,790	31,671,333	36,729,234	29,987,004
Capital Grants and Contributions	224,561	312,842				819,288	584,459	136		
Total Governmental Activities Program Revenues	12,425,345	10,028,037	11,259,227	13,135,354	12,643,381	22,224,214	25,719,489	31,998,067	37,099,277	30,349,632

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 1,118,173	\$ 1,116,135	\$ 1,200,996	\$ 1,171,896	\$ 1,264,950	\$ 1,201,116	\$ 1,356,111	\$ 1,497,477	\$ 1,607,623	\$ 1,896,444
Summer Community Education Program	72,726	61,958	70,216	66,470	59,215	42,858	59,352	51,717	55,562	65,295
Operating Grants and Contributions	263,493	265,235	287,189	276,272	274,297	288,009	303,524	330,762	348,875	
Total Business-Type Activities Revenues	1,454,392	1,443,328	1,558,401	1,514,638	1,598,462	1,531,983	1,718,987	1,879,956	2,012,060	1,961,739
Total District-wide Program Revenues	13,879,737	11,471,365	12,817,628	14,649,992	14,241,843	23,756,197	27,438,476	33,878,023	39,111,337	32,311,371
Net (Expense)/Revenue:										
Governmental Activities	(71,223,816)	(72,049,567)	(71,804,304)	(74,194,483)	(73,869,960)	(73,990,842)	(78,562,819)	(85,075,321)	(86,397,303)	(89,091,958)
Business-Type Activities	133,469	75,371	(33,150)	42,520	75,617	57,449	137,701	185,402	262,433	146,617
Total District-wide Net (Expense)/Revenue	(71,090,347)	(71,974,196)	(71,837,454)	(74,151,963)	(73,794,343)	(73,933,393)	(78,425,118)	(84,889,919)	(86,134,870)	(88,945,341)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	71,122,752	74,107,662	73,596,374	74,816,890	76,313,228	79,539,492	81,930,358	84,222,883	86,626,357	89,409,067
Taxes Levied for Debt Service	2,343,994	2,343,855	1,806,964	1,601,640	1,678,758	1,639,850	1,581,675	1,527,125	1,467,050	1,409,450
Unrestricted Grants and Contributions	422,540	69,752	25,731	117,930	126,928	234,511	211,565	295,334	295,940	144,503
Investment Earnings	33,365	24,112	2,036	17,010	21,155	23,388	37,390	63,501	173,547	258,470
Miscellaneous Income	224,994	1,132,322	148,776	299,192	142,137	331,386	369,354	277,219	270,286	356,327
Total Governmental Activities General Revenues and Other Changes in Net Position	74,147,645	77,677,703	75,579,881	76,852,662	78,282,206	81,768,627	84,130,342	86,386,062	88,833,180	91,577,817
Business-type Activities:										
Investment Earnings	1,191	954	729	557	577	554	840	1,953	6,329	10,848
Disposal of Capital Assets, Net							(5,536)	(3,134)	(79,291)	(5,340)
Total Business-type Activities General Revenues and Other Changes in Net Position	1,191	954	729	557	577	554	(4,696)	(1,181)	(72,962)	5,508
Total District-wide General Revenues and Other Changes in Net Position	74,148,836	77,678,657	75,580,610	76,853,219	78,282,783	81,769,181	84,125,646	86,384,881	88,760,218	91,583,325
Change in Net Position:										
Governmental Activities	2,923,829	5,628,136	3,775,577	2,658,179	4,412,246	7,777,785	5,567,523	1,310,741	2,435,877	2,485,859
Business-Type Activities	134,660	76,325	(32,421)	43,077	76,194	58,003	133,005	184,221	189,471	152,125
Total District-Wide Change in Net Position	\$ 3,058,489	\$ 5,704,461	\$ 3,743,156	\$ 2,701,256	\$ 4,488,440	\$ 7,835,788	\$ 5,700,528	\$ 1,494,962	\$ 2,625,348	\$ 2,637,984

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

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

	June 30,				
	2010	2011	2012	2013	2013
General Fund:					
Reserved	\$ 2,021,523				
Unreserved	1,985,653				
Restricted		\$ 5,705,064	\$ 9,308,096	\$ 10,667,177	\$ 10,432,126
Assigned		718,663	1,196,001	1,191,280	1,448,626
Unassigned		1,825,023	1,720,925	1,880,535	2,034,199
Total General Fund	\$ 4,007,176	\$ 8,248,750	\$ 12,225,022	\$ 13,738,992	\$ 13,914,951
All Other Governmental Funds:					
Reserved					
Unreserved, Reported in:					
Special Revenue Fund/(Deficit)	\$ (4,946)				
Capital Projects Fund/(Deficit)	(397,147)				
Debt Service Fund	110,248				
Restricted		\$ 148,292	\$ 169,184	\$ 20,892	
Committed		39,563			\$ 1,756,682
Unassigned/(Deficit)		(4,950)	(4,950)	(4,950)	(4,950)
Total All Other Governmental Funds	\$ (291,845)	\$ 182,905	\$ 164,234	\$ 15,942	\$ 1,751,732
Total Governmental Funds	\$ 3,715,331	\$ 8,431,655	\$ 12,389,256	\$ 13,754,934	\$ 15,666,683
	June 30,				
	2015	2016	2017	2018	2019
General Fund:					
Restricted	\$ 13,091,638	\$ 12,917,942	\$ 10,940,585	\$ 9,401,649	\$ 9,340,861
Assigned	3,102,763	1,551,629	3,945,022	6,673,448	5,530,861
Unassigned	2,109,119	2,571,615	2,733,849	2,869,156	3,122,325
Total General Fund	\$ 18,303,520	\$ 17,041,186	\$ 17,619,456	\$ 18,944,253	\$ 17,994,047
All Other Governmental Funds:					
Committed	\$ 1,909,925	\$ 3,287,831	\$ 357,998	\$ 344,200	
Unassigned/(Deficit)	(4,950)	(4,950)	(4,950)	(4,950)	\$ (235,887)
Total All Other Governmental Funds	\$ 1,904,975	\$ 3,282,881	\$ 353,048	\$ 339,250	\$ (235,887)
Total Governmental Funds	\$ 20,208,495	\$ 20,324,067	\$ 17,972,504	\$ 19,283,503	\$ 17,758,160

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 73,466,746	\$ 76,451,517	\$ 75,403,338	\$ 76,418,530	\$ 77,991,986	\$ 81,179,342	\$ 83,512,033	\$ 85,750,008	\$ 88,093,407	\$ 90,818,517
Tuition Charges	229,550	225,670	299,174	343,687	106,293	3,493				
Interest Earnings						23,388	37,390	63,501	173,547	258,470
Miscellaneous	393,959	299,769	129,920	316,202	163,292	345,511	396,135	306,906	299,474	389,390
Local Sources	127,151	101,925	135,195	126,137	438,815	357,105	393,816	472,171	562,571	505,057
State Sources	10,358,250	7,074,596	9,035,294	11,147,621	10,633,656	12,511,793	13,769,750	14,366,636	16,321,306	18,597,769
Federal Sources	1,997,334	2,270,936	1,815,295	1,635,839	1,591,545	1,624,524	1,593,353	1,603,779	1,641,893	1,503,112
Total Revenues	86,572,990	86,424,413	86,818,216	89,988,016	90,925,587	96,045,156	99,702,477	102,563,001	107,092,198	112,072,315
Expenditures:										
Instruction:										
Regular Instruction	24,566,429	24,389,000	24,885,065	25,633,345	25,114,750	25,324,748	26,079,959	27,017,506	27,493,247	27,923,963
Special Education Instruction	6,385,070	6,143,604	6,401,389	6,422,060	6,391,483	6,436,136	6,804,505	7,125,217	7,966,452	8,374,811
Other Special Instruction	853,019	771,855	709,762	713,997	835,441	849,986	911,160	936,319	985,841	1,009,327
School Sponsored/Other Instruction	1,326,815	1,111,359	1,185,244	1,197,075	1,274,445	1,276,284	1,290,430	1,323,044	1,423,243	1,437,316
Support Services:										
Tuition	6,932,769	6,965,007	6,423,166	6,858,331	6,678,878	5,611,000	5,831,628	6,965,262	7,148,759	6,984,723
Student & Instruction Related Services	8,256,256	7,421,142	7,996,473	8,679,878	8,910,310	9,623,560	10,510,946	10,849,232	11,205,316	11,655,602
General Administrative Services	811,213	768,157	802,193	731,459	763,133	774,347	768,763	762,455	809,412	944,062
School Administrative Services	2,718,318	2,703,928	2,757,311	2,790,612	2,760,922	2,754,550	2,766,264	2,805,046	2,894,948	2,919,438
Central Services	1,027,952	996,535	829,361	883,667	963,399	926,432	955,902	984,219	1,004,188	1,036,225
Administrative Information Technology	373,367	405,678	310,974	409,114	364,808	408,248	392,072	386,475	443,510	378,486
Plant Operations and Maintenance	6,705,686	6,886,933	6,095,898	6,622,257	7,172,308	7,592,586	7,129,027	7,618,734	7,260,037	7,846,561
Pupil Transportation	2,607,932	2,383,885	2,567,372	2,989,107	3,008,732	2,975,172	3,057,735	3,279,991	3,061,385	3,299,205
Allocated Benefits					1,004,782	1,096,682	1,173,506	1,241,365	156,776	165,812
Unallocated Benefits	18,371,255	17,781,481	18,912,364	20,420,837	18,728,487	19,901,132	22,002,712	24,098,981	27,832,447	31,596,142
Charter Schools	46,894	28,347		12,452		29,914	13,382	15,619	15,619	36,433
Capital Outlay	2,258,122	2,590,562	1,837,971	3,308,215	3,892,310	4,852,717	8,964,239	8,952,974	5,247,969	7,188,102
Debt Service:										
Principal	2,079,150	1,912,550	1,255,850	1,250,850	1,250,000	1,240,000	1,225,000	1,210,000	1,195,000	1,185,000
Interest and Other Charges	654,735	583,251	551,114	499,082	449,650	399,850	356,675	317,125	272,050	224,450
Total Expenditures	85,974,982	83,843,274	83,521,507	89,422,338	89,563,838	92,073,344	100,233,905	105,889,564	106,416,199	114,205,658

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 598,008	\$ 2,581,139	\$ 3,296,709	\$ 565,678	\$ 1,361,749	\$ 3,971,812	\$ (531,428)	\$ (3,326,563)	\$ 675,999	\$ (2,133,343)
Other Financing Sources (Uses):										
Capital Leases (non-budgeted)	540,000	540,000	640,000	800,000	550,000	570,000	647,000	675,000	635,000	608,000
Prior Year Accounts Payable Canceled		968,485								
Unexpended Balance of School Refunding Bonds Issuance Costs			20,892							
Transfers In	1,405,018	816,690			2,960,714	2,024,194	5,701,219	575,954	337,811	97,962
Transfers Out	(531,718)	(189,990)			(2,960,714)	(2,024,194)	(5,701,219)	(575,954)	(337,811)	(97,962)
Total Other Financing Sources (Uses)	1,413,300	2,135,185	660,892	800,000	550,000	570,000	647,000	675,000	635,000	608,000
Net Change in Fund Balances	\$ 2,011,308	\$ 4,716,324	\$ 3,957,601	\$ 1,365,678	\$ 1,911,749	\$ 4,541,812	\$ 115,572	\$ (2,651,563)	\$ 1,310,999	\$ (1,525,343)
Debt Service as a Percentage of Noncapital Expenditures	3.3%	3.1%	2.2%	2.0%	2.0%	1.9%	1.7%	1.6%	1.4%	1.3%

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

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Preschool Tuition and Application Fees	Student Activity Fees	Transportation Fees from Individuals	Other	Total
2010	\$ 33,365		\$ 229,550	\$ 135,600		\$ 224,994	\$ 623,509
2011	24,112		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			\$ 14,125	331,386	372,392
2016	37,390				26,781	369,354	433,525
2017	63,501				29,687	277,219	370,407
2018	173,547				29,188	270,286	473,021
2019	258,470				33,063	356,327	647,860

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)
2009	\$ 1,184,600	\$ 210,409,000	\$ -	\$ -	\$ 14,217,700	\$ 2,284,100	\$ -	\$ 228,095,400	\$ 103,302	\$ 228,198,702	\$ 8,009,500	\$ 7.164	\$ 1,236,990,322
2010	1,294,100	210,556,900	-	-	14,837,700	2,284,100	-	228,972,800	99,851	229,072,651	6,797,800	7.570	1,226,437,723
2011	1,438,300	210,103,900	-	-	14,620,900	2,284,100	-	228,447,200	88,274	228,535,474	6,713,400	7.409	1,152,140,049
2012	1,342,300	210,195,800	-	-	14,547,000	2,284,100	-	228,369,200	101,515	228,470,715	6,772,100	7.422	1,100,003,442
2013	1,434,800	210,204,400	-	-	14,298,200	2,269,700	-	228,207,100	117,488	228,324,588	7,635,700	7.583	1,100,474,184
2014	1,647,900	209,793,300	-	-	14,568,900	2,269,700	-	228,279,800	94,804	228,374,604	7,635,700	7.833	1,091,260,298
2015	1,700,600	209,937,400	-	-	14,485,000	2,269,700	-	228,392,700	95,240	228,487,940	7,808,700	7.890	1,092,779,236
2016	1,559,000	210,529,400	-	-	14,985,800	2,086,800	-	229,161,000	92,309	229,253,309	9,064,500	8.323	1,149,066,271
2017	1,695,000	211,117,400	-	-	14,206,300	2,031,500	-	229,050,200	89,117	229,139,317	9,510,700	8.617	1,178,574,391
2018	1,721,500	211,405,000	-	-	14,206,300	2,031,500	-	229,364,300	86,326	229,450,626	9,698,200	8.831	1,228,737,346

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)
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
2016	9,837,400	892,804,700	1,047,100	14,500	54,803,200	6,431,500	25,155,500	990,093,900	825,246	990,919,146	215,261,500	6.675	4,012,891,203
2017	10,573,000	895,407,600	807,100	13,700	52,569,300	6,305,400	25,155,500	990,831,600	804,616	991,636,216	220,210,310	6.818	4,085,152,717
2018	10,285,200	900,088,300	242,000	4,900	53,192,000	6,305,400	25,155,500	995,273,300	783,528	996,056,828	221,130,600	6.987	4,292,220,839

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.

Source: Municipal Tax Assessors.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

BOROUGH OF FANWOOD

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Borough of Fanwood	Union County	
		Service ^b	Total Direct			
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
2016	8.1748	0.1482	8.323	2.783	2.707	13.813
2017	8.4735	0.1435	8.617	2.858	2.767	14.242
2018	8.6939	0.1371	8.831	2.864	2.846	14.541

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			
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	6.1540	0.1360	6.290	1.638	2.053	9.981
2015	6.3971	0.1319	6.529	1.642	2.150	10.321
2016	6.5534	0.1216	6.675	1.633	2.185	10.493
2017	6.7013	0.1167	6.818	1.663	2.217	10.698
2018	6.8752	0.1118	6.987	1.670	2.285	10.942

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.

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

BOROUGH OF FANWOOD

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
HCRI NY-NJ Properties	\$ 2,464,900	1	1.07%			
Fanwood Crossing II, Urban Renewal	1,255,800	2	0.55%			
Partners Profit Fanwood Group LLC	943,500	3	0.41%	\$ 923,500	2	0.40%
250 South Avenue, Urban Renewal	860,000	4	0.37%			
Fanwood Plaza Partners I	827,000	5	0.36%	827,000	3	0.36%
Fanwood Plaza Partners II	669,200	6	0.29%	669,200	4	0.29%
Fanwood Crossing III, Urban Renewal	666,300	7	0.29%			
222 South Avenue LLC	523,600	8	0.23%	649,600	5	0.28%
Enchantment Properties LLC	500,000	9	0.22%	500,000	8	0.22%
Celtic Capital	475,000	10	0.21%			
CRP Fanwood LLC				2,464,900	1	1.08%
105 South Ave LLC - A&P				600,000	6	0.26%
Individual Taxpayer #1				558,200	7	0.24%
Individual Taxpayer #2				479,500	9	0.21%
Seaboard Associates				477,500	10	0.21%
Total	\$ 9,185,300		4.00%	\$ 8,149,400		3.55%

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lamberts Mill Village Associates LLC	\$ 8,400,000	1	0.84%	\$ 8,500,000	1	0.85%
Ashbrook Manor Associates LLC	7,500,000	2	0.75%	7,500,000	2	0.75%
Riverside Village Associates	2,900,000	3	0.29%	2,900,000	4	0.29%
Snuffy Pantagis Enterprises	2,696,400	4	0.27%	4,650,000	3	0.47%
Automatic Associates	1,900,000	5	0.19%	1,900,000	6	0.19%
Dornbush	1,750,000	6	0.18%	1,750,000	7	0.18%
NJ Golf Partners LLC	1,687,500	7	0.17%			
Ashbrook Realty LLC	1,400,000	8	0.14%			
VS Realty LLC	1,243,200	9	0.12%	1,243,200	8	0.13%
Scotch Plains Gardens	1,200,000	10	0.12%	1,200,000	9	0.12%
Shackamaxon Country Club				2,168,000	5	0.22%
Greenbrook Plaza				1,146,400	10	0.12%
Total	\$ 30,677,100		3.07%	\$ 32,957,600		3.32%

Source: Municipal Tax Assessors.

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

BOROUGH OF FANWOOD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2017	19,081,374	19,081,374	100.00%	-0-
2018	19,743,815	19,743,815	100.00%	-0-
2019	20,261,575	20,261,575	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	
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-
2017	66,668,634	66,668,634	100.00%	-0-
2018	68,349,592	68,349,592	100.00%	-0-
2019	70,556,942	70,556,942	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		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2010	\$ 15,347,550	\$ -0-	\$ 957,614	\$ 626,700	\$ -0-	\$ -0-	\$ 16,931,864	1.13%	\$ 561.07
2011	14,061,700	-0-	897,976	-0-	-0-	-0-	14,959,676	0.95%	482.48
2012	12,805,850	-0-	889,460	-0-	-0-	-0-	13,695,310	0.83%	439.98
2013	11,555,000	-0-	1,048,686	-0-	-0-	-0-	12,603,686	0.73%	403.28
2014	10,305,000	-0-	968,545	-0-	-0-	-0-	11,273,545	0.64%	358.80
2015	9,065,000	-0-	903,171	-0-	-0-	-0-	9,968,171	0.54%	317.01
2016	7,840,000	-0-	912,224	-0-	-0-	-0-	8,752,224	0.46%	276.88
2017	6,630,000	-0-	950,375	-0-	-0-	-0-	7,580,375	0.39%	238.44
2018	5,435,000	-0-	953,200	-0-	-0-	-0-	6,388,200	0.31%	199.77
2019	4,250,000	-0-	929,245	-0-	-0-	-0-	5,179,245	0.25%	161.30

^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.

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		
2010	\$ 15,347,550	\$ -0-	\$15,347,550	1.255%	\$ 508.57
2011	14,061,700	-0-	14,061,700	1.149%	453.52
2012	12,805,850	-0-	12,805,850	1.048%	411.41
2013	11,555,000	-0-	11,555,000	0.948%	369.72
2014	10,305,000	-0-	10,305,000	0.846%	327.98
2015	9,065,000	-0-	9,065,000	0.745%	288.29
2016	7,840,000	-0-	7,840,000	0.644%	248.02
2017	6,630,000	-0-	6,630,000	0.543%	208.54
2018	5,435,000	-0-	5,435,000	0.445%	169.96
2019	4,250,000	-0-	4,250,000	0.347%	132.36

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
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	\$ 16,588,225	100.00%	\$ 16,588,225
Township of Scotch Plains	20,979,894	100.00%	20,979,894
Union County General Obligation Debt	587,410,876	7.87%	<u>46,252,772</u>
Subtotal, Overlapping Debt			83,820,891
Scotch Plains-Fanwood Regional School District Direct Debt			<u>4,250,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 88,070,891</u></u>

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

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

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 217,924,045	\$ 213,492,146	\$ 208,608,930	\$ 202,949,839	\$ 200,407,407
Total Net Debt Applicable to Limit	16,931,864	14,959,676	13,695,310	12,603,686	11,273,545
Legal Debt Margin	<u>\$ 200,992,181</u>	<u>\$ 198,532,470</u>	<u>\$ 194,913,620</u>	<u>\$ 190,346,153</u>	<u>\$ 189,133,862</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.77%	7.01%	6.57%	6.21%	5.63%

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 199,304,824	\$ 201,786,674	\$ 205,930,135	\$ 211,806,294	\$ 218,025,314
Total Net Debt Applicable to Limit	9,968,171	8,752,224	7,580,375	6,388,200	5,179,245
Legal Debt Margin	<u>\$ 189,336,653</u>	<u>\$ 193,034,450</u>	<u>\$ 198,349,760</u>	<u>\$ 205,418,094</u>	<u>\$ 212,846,069</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.00%	4.34%	3.68%	3.02%	2.38%

Legal Debt Margin Calculation for Fiscal Year 2019

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
2016	\$ 1,177,600,206	\$ 4,076,137,917	\$ 5,253,738,123
2017	1,225,522,739	4,267,147,287	5,492,670,026
2018	1,247,901,523	4,357,588,879	5,605,490,402
	<u>\$ 3,651,024,468</u>	<u>\$ 12,700,874,083</u>	<u>\$ 16,351,898,551</u>
Average Equalized Valuation of Taxable Property			<u>\$ 5,450,632,850</u>
Debt Limit (4% of Average Equalization Value) ^a			\$ 218,025,314
Net Bonded School Debt			<u>5,179,245</u>
Legal Debt Margin			<u>\$ 212,846,069</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.

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
2009	7,124	\$ 49,759	\$ 354,483,116	6.0%
2010	7,318	50,990	373,144,820	6.1%
2011	7,346	52,990	389,264,540	6.1%
2012	7,370	54,873	404,414,010	6.1%
2013	7,416	55,681	412,930,296	6.5%
2014	7,428	58,571	435,065,388	4.3%
2015	7,563	60,584	458,196,792	3.6%
2016	7,659	61,624	471,978,216	3.6%
2017	7,679	64,413	494,627,427	3.4%
2018	7,704	64,413 *	496,237,752	2.9%

TOWNSHIP OF SCOTCH PLAINS

Year	Population ^a	Union County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2009	23,054	\$ 49,759	\$ 1,147,143,986	5.6%
2010	23,688	50,990	1,207,851,120	5.7%
2011	23,781	52,990	1,260,155,190	5.7%
2012	23,883	54,873	1,310,531,859	5.7%
2013	24,004	55,681	1,336,566,724	5.3%
2014	24,016	58,571	1,406,641,136	4.8%
2015	24,047	60,584	1,456,863,448	4.1%
2016	24,133	61,624	1,487,171,992	3.6%
2017	24,299	64,413	1,565,171,487	3.2%
2018	24,405	64,413 *	1,571,999,265	3.0%

* - Latest Union County per capita personal income data available (2017) 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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	374	370	363	369	376	376	369	375	382	385
Special Education	55	60	64	64	66	67	71	75	76	75
Support Services:										
Student & Instruction Related Services	161	160	154	161	162	164	188	203	213	219
General Administrative Services	3	3	3	3	3	3	3	3	3	3
School Administrative Services	32	32	32	32	32	32	31	31	31	31
Plant Operations and Maintenance	66	65	65	65	66	66	66	66	66	66
Pupil Transportation	7	7	7	7	7	7	7	7	7	7
Business and Other Support Services	16	15	14	16	15	16	16	15	15	16
Food Service	4	2	2	2	2	2	2	2	2	1
Total	718	714	704	719	729	733	753	777	795	803

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

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

Pupil/Teacher Ratio

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				
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	18.1:1	14.8:1	16.7:1	5,435	5,222	0.15%	96.08%
2017	5,577	95,409,465	17,108	6.17%	450	15:1	14.2:1	15.7:1	5,440	5,198	0.09%	95.55%
2018	5,595	99,701,180	17,820	4.16%	441	16.1:1	13.8:1	15.4:1	5,471	5,242	0.57%	95.81%
2019	5,638	105,608,106	18,731	5.12%	458	13:1	10:1	13:1	5,519	5,287	0.88%	95.80%

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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	407	411	410	426	417	399	422	394	379	411
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	552	539	517	500	496	456	474	516	540	549
Evergreen (1951)										
Square Feet	36,958	36,958	36,958	36,958	36,958	36,958	36,958	44,258	44,258	44,258
Capacity (students)	339	339	339	339	339	339	339	464	464	464
Enrollment	415	414	418	402	386	405	388	407	395	398
William J. McGinn (1973)										
Square Feet	47,182	47,182	47,182	47,182	47,182	47,182	47,182	51,132	51,132	51,132
Capacity (students)	389	389	389	389	389	389	389	451	451	451
Enrollment	494	481	485	485	481	482	494	496	513	512
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	392	375	379	376	380	396	392	397	387	392
<u>Middle Schools</u>										
Park (1922)										
Square Feet	114,483	114,483	117,633	117,633	117,633	117,633	117,633	117,633	117,633	117,633
Capacity (students)	795	795	895	895	895	895	895	895	895	895
Enrollment	875	924	927	932	937	932	913	915	905	909
Terrill (1964)										
Square Feet	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973	97,973
Capacity (students)	737	737	737	737	737	737	737	737	737	737
Enrollment	858	847	865	841	825	827	835	830	831	811

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

<u>District Building</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	1,426	1,483	1,505	1,537	1,560	1,573	1,569	1,534	1,557	1,574
<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, 2019

- 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,									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Howard B. Brunner Elementary	N/A	\$ 77,393	\$ 90,271	\$ 68,977	\$ 79,216	\$ 179,825	\$ 162,404	\$ 88,222	\$ 96,744	\$ 180,597	\$ 85,894
J. Ackerman Coles Elementary	N/A	77,806	90,753	69,345	79,120	103,788	159,913	119,766	250,048	270,083	97,290
Evergreen Elementary	N/A	56,550	65,959	59,113	58,742	108,119	62,731	70,660	232,877	97,639	220,942
William J. McGinn Elementary	N/A	72,192	84,206	64,343	74,028	152,349	156,632	133,765	211,164	101,092	78,598
School One Elementary	N/A	67,826	79,113	60,451	69,976	91,344	296,505	140,961	123,750	68,769	99,688
Park Middle	N/A	175,171	204,320	175,088	193,468	342,075	417,937	250,521	290,992	393,620	267,659
Terrill Middle	N/A	149,909	174,854	137,747	163,245	227,646	535,643	694,554	389,969	364,371	166,641
Scotch Plains-Fanwood High	N/A	406,817	474,513	454,850	963,583	699,144	498,380	525,359	733,975	449,434	802,269
Total School Facilities		\$ 1,083,664	\$ 1,263,989	\$ 1,089,914	\$ 1,681,378	\$ 1,904,290	\$ 2,290,145	\$ 2,023,808	\$ 2,329,519	\$ 1,925,605	\$ 1,818,981

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).

Source: Scotch Plains-Fanwood Regional School District records.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company		
MULTI PERIL PACKAGE POLICY		
Property		
Property - Blanket Building and Contents -		
Replacement Cost Values	\$ 172,830,557	\$ 1,000
Extra Expense	1,000,000	1,000
Flood (excluding Elementary School #1)	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	5,000,000	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, 2019
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 (3/11/19-20) FLOOD		
Elementary School #1 -		
Building	500,000	\$ 10,000
Contents	500,000	10,000
Beazley Insurance Company ENVIRONMENTAL IMPAIRMENT LIABILITY	Limit of liability (each loss) 1,000,000	Varies
United States Fire Insurance Company STUDENT ACCIDENT	Maximum Benefit 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	
Lloyds Insurance Company Cyber Liability	1,000,000	10,000
International (1/11/19-20) ACE	1,000,000	

Source: Scotch Plains-Fanwood Regional School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scotch Plains/Fanwood Regional Board of Education, in the County of Union (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

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
November 8, 2019

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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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, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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, 2019.

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, CP

Mount Arlington, New Jersey
November 8, 2019

NISIVOCCIA LLP

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, 2019

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior Year Budgetary Receivable Canceled	Balance at June 30, 2019		
			From	To						Unearned Revenue/ (Accounts Receivable)	Unearned Revenue/ (Accounts Receivable)	
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-4670-19	7/1/18	6/30/19	\$1,296,576		\$1,182,596				\$(113,980)	
I.D.E.A. - Part B, Basic Regular	84.027	IDEA-4670-18	7/1/17	6/30/18	1,287,614		6,363					
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-19	7/1/18	6/30/19	56,737		56,737					
I.D.E.A. - Part B, Preschool	84.173	IDEA-4670-18	7/1/17	6/30/18	55,484		925					
Subtotal Special Education Cluster							1,246,621				(113,980)	
Elementary and Secondary Education Act:												
Title I	84.010	ESEA-4670-19	7/1/18	6/30/19	148,586		110,272				(26,819)	
Title I	84.010	ESEA-4670-18	7/1/17	6/30/18	112,594		19,888					
Title II A	84.367A	ESEA-4670-19	7/1/18	6/30/19	106,176		49,583				(7,393)	
Title II A	84.367A	ESEA-4670-18	7/1/17	6/30/18	71,275		30,625	\$ 130				
Title III Immigrant	84.365A	ESEA-4670-19	7/1/18	6/30/19	5,708		4,052				(693)	
Title III Immigrant	84.365A	ESEA-4670-18	7/1/17	6/30/18	5,341		40					
Title IV	84.186A	ESEA-4670-19	7/1/18	6/30/19	12,312		321				(8,151)	
Title IV	84.186A	ESEA-4670-18	7/1/17	6/30/18	7,688		7,688					
Temporary Emergency Impact Aid	84.938C	S938C18005	7/1/17	6/30/18	68,250		68,250				\$ 4,456	
Total U. S. Department of Education							1,537,340	(1,560,597)	131		(157,036)	4,456
Total Special Revenue Fund							1,537,340	(1,560,597)	131		(157,036)	4,456
U.S. Department of Health and Human Services - Passed-through State Department of Human Services: Medicaid Cluster:												
General Fund:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/18	6/30/19	31,296		31,296	(31,296)				
Total U.S. Department of Health and Human Services/Medicaid Cluster							31,296	(31,296)				
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/17	6/30/18	1,849		118				(118)	
National School Lunch Program	10.555	N/A	7/1/17	6/30/18	224,175		16,150				(16,150)	
Subtotal Child Nutrition Cluster							16,268				(16,268)	
Total U.S. Department of Agriculture							16,268				(16,268)	
TOTAL FEDERAL AWARDS							\$1,584,904	(1,591,893)	\$ 131		\$(157,036)	\$ 4,456
							\$ - 0 -	\$ - 0 -	\$ - 0 -		\$ - 0 -	\$ - 0 -

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

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2018			Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2019		MEMO	
				Budgetary Unearned Revenue/ (Accounts Receivable)		GAAP (Accounts Receivable)				Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
				Due to Grantor	(Accounts Receivable)								
State Department of Education:													
General Fund:													
Transportation Aid	19-495-034-5120-014	7/1/18	\$ 792,773	\$ (21,532)	\$ 720,493	\$ (792,773)				\$ (72,280)	\$ 792,773		
Transportation Aid	18-495-034-5120-014	7/1/17	237,609		21,532								
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	2,705,322	(245,151)	2,458,667	(2,705,322)				(246,655)	2,705,322		
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	2,705,322		245,151								
Security Aid	19-495-034-5120-084	7/1/18	98,844	(8,957)	89,832	(98,844)				(9,012)	98,844		
Security Aid	18-495-034-5120-084	7/1/17	98,844		8,957								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	53,090	(4,811)	4,811								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	53,090	(4,811)	4,811								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	52,925	(4,796)	4,796								
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	1,765,536	(1,592,870)	1,592,870	(1,765,536)				(1,765,536)	1,765,536		
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	1,592,870		1,592,870					(55,970)	55,970		
Nonpublic School Transportation Costs	19-495-034-5120-014	7/1/18	55,970										
Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17	52,022	(52,022)									
On-Behalf TPAF Contributions:													
Post-Retirement Medical	19-495-034-5094-001	7/1/18	3,108,944		3,108,944	(3,108,944)					3,108,944		
Pension	19-495-034-5094-002	7/1/18	6,713,427		6,713,427	(6,713,427)					6,713,427		
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	140,530		140,530	(140,530)					140,530		
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	9,143		9,143	(9,143)					9,143		
Reimbursed TPAF Contributions:													
Social Security Aid	19-495-034-5094-003	7/1/18	2,655,316	(131,440)	2,524,771	(2,655,316)				(130,545)	2,655,316		
Social Security Aid	18-495-034-5094-003	7/1/17	2,667,216		131,440								
Total General Fund State Aid				(2,066,390)	17,832,197	(18,045,805)				(1,952,051)	(2,279,998)	18,045,805	
Special Revenue Fund:													
NJ Nonpublic Aid:													
Technology Initiative	19-100-034-5120-373	7/1/18	37,620		37,620	(8,449)				\$ 29,171	8,449		
Technology Initiative	18-100-034-5120-373	7/1/17	39,072										
Security Aid	19-100-034-5120-509	7/1/18	156,750		156,750	(53,806)				102,944	53,806		
Security Aid	18-100-034-5120-509	7/1/17	79,200		60,237								
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	55,802		55,802	(55,568)				234	55,568		
Textbook Aid (Chapter 194)	18-100-034-5120-064	7/1/17	57,848		331								
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18	101,365		101,365	(90,598)				10,767	90,598		
Nursing Services (Chapter 226)	18-100-034-5120-070	7/1/17	100,492		8,546								
Auxiliary Services (Chapter 192):													
Compensatory Education	19-100-034-5120-067	7/1/18	73,605		73,605	(58,804)				14,801	58,804		
Compensatory Education	18-100-034-5120-067	7/1/17	88,584		29,229								
Transportation	19-100-034-5120-067	7/1/18	18,289		18,289	(18,289)					18,289		
Transportation	18-100-034-5120-067	7/1/17	18,289										
Home Instruction	19-100-034-5120-067	7/1/18	6,616		6,616	(6,781)				(6,781)	6,781		
Home Instruction	18-100-034-5120-067	7/1/17	6,616										

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at June 30, 2018		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2019		MEMO	
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable
Special Revenue Fund (Cont'd):													
NJ Nonpublic Aid:													
Handicapped Services (Chapter 193):													
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	\$ 136,389		\$ 8,478	\$ 136,389	\$ (124,501)	\$ (8,478)	\$ 11,888		\$ 124,501	
Supplementary Instruction	18-100-034-5120-066	7/1/17	6/30/18	139,561									
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	178,325		3,649	178,325	(110,292)	(3,649)	68,033		110,292	
Examination and Classification	18-100-034-5120-066	7/1/17	6/30/18	151,426									
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	18,749		5,625	18,749	(18,660)	(5,625)	89		18,660	
Corrective Speech	18-100-034-5120-066	7/1/17	6/30/18	24,106									
Preschool Education Aid	19-495-034-5120-086	7/1/18	6/30/19	49,500			44,550	(49,500)			\$ (4,950)	49,500	
Preschool Education Aid	18-495-034-5120-086	7/1/17	6/30/18	49,500			4,950						
Total Special Revenue Fund						118,503	833,010	(595,248)	(118,503)	\$ (6,781)	237,927	(11,731)	595,248
State Department of Education:													
Enterprise Fund:													
State School Lunch Program	18-100-010-3350-023	7/1/17	6/30/18	17,333			1,264						
Total Enterprise Fund							1,264						
Schools Development Authority:													
Capital Projects Fund:													
Educational Facilities Construction & Financing Act:													
Window Replacement:													
Cokes Elementary School	4670-085-14-1018	7/1/14	6/30/19	215,552								(215,552)	
Evergreen Elementary School	4670-090-14-1019	7/1/14	6/30/19	260,374								(260,374)	
Total Capital Projects Fund												(475,926)	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION						\$ 118,503	\$ 18,666,471	\$ (18,641,053)	\$ (118,503)	\$ (1,958,832)	\$ - 0 -	\$ 237,927	\$ 18,641,053
Less - State Awards Not Subject to Single Audit Major Program Determination:													
On-Behalf TPAF Pension System Contributions:													
Post-Retirement Medical Pension	19-495-034-5094-001	7/1/18	6/30/19	3,108,944								3,108,944	
Pension	19-495-034-5094-002	7/1/18	6/30/19	6,713,427								6,713,427	
Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	140,530								140,530	
Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	9,143								9,143	
Subtotal On-Behalf TPAF Pension System Contributions												9,972,044	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION												\$ (8,669,009)	

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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. 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 not 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, 2019
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(37,889) for the general fund and \$(100,470) for the special revenue fund (of which \$(6,294) 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.

Awards and financial assistance revenue are reported on the Board's financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 31,296	\$ 18,007,916	\$18,039,212
Special Revenue Fund	589,853	1,471,816	2,061,669
Total Financial Assistance	\$ 621,149	\$ 19,479,732	\$20,100,881

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, 2019.

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

The District had grants awarded in the amount of \$475,926 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2019, \$475,926 is receivable for completed projects on the budgetary basis and \$-0- is receivable on the GAAP basis as the remaining grants have not been submitted for reimbursement. 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, 2019

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	7/1/18-6/30/19	\$ 1,296,576	\$ 1,296,576
Preschool	84.173	7/1/18-6/30/19	56,737	56,737
<u>State:</u>				
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	792,773	792,773
Nonpublic School				
Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	55,970	55,970
Reimbursed TPAF				
Contributions:				
Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	2,655,316	2,655,316

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Summary of Auditors' Results: (Cont'd)

- 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.

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, 2019

Status of Prior Year Findings:

The District had no prior year audit findings.