

**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, 2021**

**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, 2021

Prepared by

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

Finance Department

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**INTRODUCTORY SECTION
(UNAUDITED)**

The Scotch Plains-Fanwood Public Schools

512 Cedar Street
SCOTCH PLAINS, NEW JERSEY 07076

December 8, 2021

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, 2021. 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 2020-2021 school year with an average daily enrollment of 5,314 students, compared to 5,521 students as of June 30, 2020. 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.

3) MAJOR INITIATIVES:

Students continue to score above the State and National averages on District administered tests.

Technology

Technology investments during the 2020-2021 school year supported a range of initiatives. These included the following: Transitioning to a One-to-One device model centered around iPads. These were deployed at grades Pre-K, K, and 5th thru 11th. Grades 1 thru 4 utilized existing district Chromebook and grade 12 utilized existing district MacBook Airs. Our oldest staff assigned MacBook Airs were replaced with newer models. Many aging LCD projectors were also replaced. Expanded and refreshed access points for network access at the High School, provided peripheral devices for classroom amplification systems; upgraded wiring and switches for network maintenance.

Mathematics

During the 2020-2021 school year, the mathematics department professional development activities focused on utilizing instructional technology to identify students’ depth of knowledge and differentiation instruction accordingly. Elementary teachers in grades K-5 implemented changes to their pacing guide that reflected increased focus on priority content strands and standards within their grade level while also utilizing digital manipulatives and tools where appropriate. Middle and high school teachers leveraged the diagnostic and instructional capacities of IXL and other interactive technology tools to create activities that engaged students in rich mathematical tasks in virtual, hybrid, and in-person settings.

Language Arts

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2020-2021 school year. In addition to replacing texts, titles were purchased to increase the diversity of the offerings of the Language Arts department. These titles included: *Parachutes*, *All Boys Aren't Blue*, *Dear Martin*, and *Refugee*. We also continued to purchase teacher texts to support continued professional development in reading and writing instruction and supporting conversations around diversity and equity. Titles such as *Not Light but Fire* and *Understanding Texts and Readers* 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, including book club books, teacher materials, and shared reading books. In addition, Foundations phonics kits were purchased for kindergarten teachers. 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 2020-2021 focused on supporting teachers and students during the pandemic through hybrid and remote instruction. We enhanced our digital resources collections by expanding access to online databases for elementary students. We purchased additional online subscriptions for secondary students so that they could access materials from home or from their iPads. We also purchased a film database to allow teachers to utilize documentaries and other films during hybrid and remote teacher. We also continued purchasing materials for professional development around the topics of diversity and equity.

Science

For the 2020-2021 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. To support students during virtual and hybrid learning, take home science kits were created for various activities that were not safe to complete in class due to Covid restrictions. 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. One major enhancement was the purchase of Gizmos, an online simulation platform to support student's ability to plan and carry out investigations, albeit virtual.

World Languages/ESL

During the 2020-2021 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 2020-2021 school year, the budget supported all 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, virtual field trips, sheet music, professional masterclasses, increases to uniform and instrument inventories, instrumental and equipment refurbishing, support for the High School spring musical, and technology support by way of software and licensing for music and art software computer programs and laptops.

Professional Development

In 2020-2021, 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. 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. The district supported a position of arts integration specialist providing support for teachers across the curriculum to enhance learning through the arts.

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.

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.

5) BUDGETARY CONTROLS: (Cont'd) 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, 2021.

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,

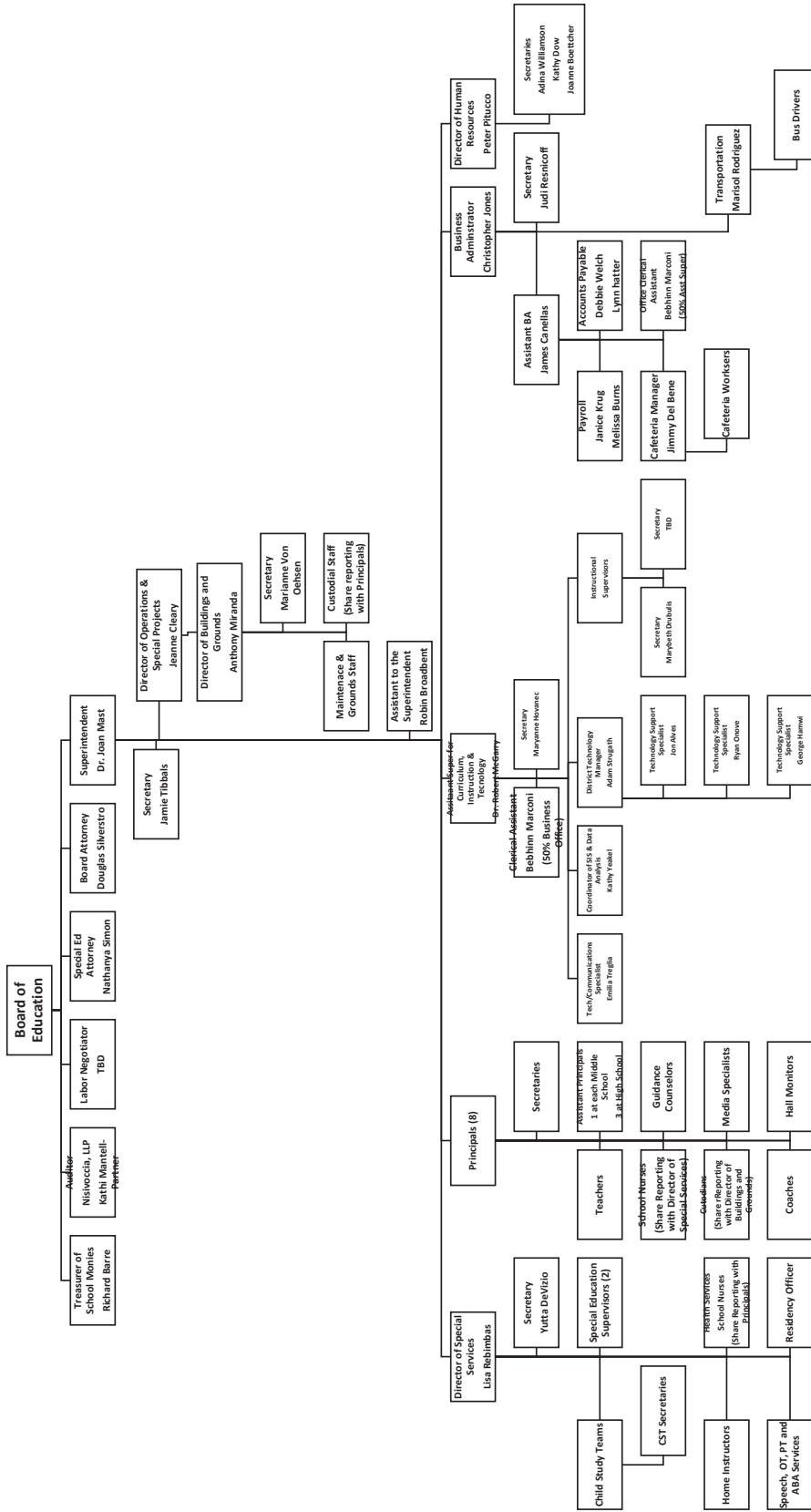


Dr. Joan V. Mast
Superintendent



Christopher Jones
Business Administrator

Scotch Plains-Fanwood Regional School District Organization Chart



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Karen Kulikowski, President	2021
Evan Murray, Vice President	2023
Nancy Bauer	2022
Amy Boroff	2023
Debora Brody	2021
Karen Mitchell	2023
Stephanie Suriani	2022
Tonya Williams	2021
Amy Winkler	2022

Other Officials

Title

Dr. Joan V. Mast	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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Mount Arlington Corporate Center
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Mount Arlington, NJ 07856-1320

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Architects of Record

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

El Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

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 School District (the "District") in the County of Union, as of and for the fiscal year ended June 30, 2021, 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 School District, in the County of Union, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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 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 December 8, 2021 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
December 8, 2021

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**

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021. 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.

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

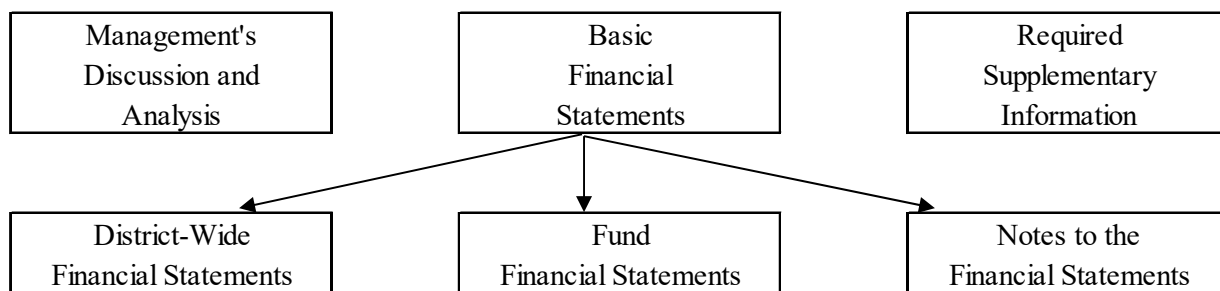


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, and summer community education program
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
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
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
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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 two 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, 2021**

Fund Financial Statements

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, 2021 and 2020. The District's *combined* net position was \$27,050,578 on June 30, 2021, \$3,878,068 or 16.74% more than the prior fiscal year. The net position of the governmental activities increased by \$4,023,110 and the net position of the business-type activities decreased by \$145,042.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/21
	2020/21	2019/20 (Restated)	2020/21	2019/20	2020/21	2019/20 (Restated)	
Current and Other Assets	\$23,725,282	\$21,168,478	\$ 543,007	\$ 723,799	\$24,268,289	\$21,892,277	
Capital Assets, Net	54,361,952	53,532,444	821,407	877,904	55,183,359	54,410,348	
Total Assets	78,087,234	74,700,922	1,364,414	1,601,703	79,451,648	76,302,625	4.13%
Deferred Outflows of Resources	5,227,898	5,932,865			5,227,898	5,932,865	-11.88%
Other Liabilities	4,894,333	4,447,285	140,005	232,252	5,034,338	4,679,537	
Long-Term Liabilities	42,747,611	45,126,052			42,747,611	45,126,052	
Total Liabilities	47,641,944	49,573,337	140,005	232,252	47,781,949	49,805,589	-4.06%
Deferred Inflows of Resources	9,847,019	9,257,391			9,847,019	9,257,391	6.37%
Net Position:							
Net Investment in Capital Assets	51,667,121	49,759,293	821,407	877,904	52,488,528	50,637,197	
Restricted	12,352,791	8,543,034			12,352,791	8,543,034	
Unrestricted (Deficit)	(38,193,743)	(36,499,268)	403,002	491,547	(37,790,741)	(36,007,721)	
Total Net Position	\$25,826,169	\$21,803,059	\$ 1,224,409	\$ 1,369,451	\$27,050,578	\$23,172,510	16.74%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$1,851,331 due to \$3,162,896 in capital assets additions and the retirement of \$1,170,000 of serial bonds payable and \$627,972 of capital leases payable, offset by a new capital lease of \$643,000, \$2,072,389 of depreciation expense, amortized deferred amount on refunding of \$76,652, and capital asset disposals of \$317,496. Restricted net position increased \$3,809,757 due to net increases in the capital reserve of \$5,022,779, the maintenance reserve of \$3,608 and unemployment compensation of \$97,022, offset by net decreases in excess surplus of \$1,000,000 and student activities of \$313,652. The deficit in unrestricted net position decreased \$1,783,020 primarily due to changes in deferred inflows and outflows related to pensions and other post-employment benefits (OPEB), a decrease in the net pension and an increase in OPEB liabilities.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/21
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Revenue:							
Program Revenue:							
Charges for Services	\$ 505,165	\$ 319,684	\$ 31,866	\$ 1,299,461	\$ 537,031	\$ 1,619,145	
Grants and Contributions:							
Operating	31,921,378	27,573,466	201,081		32,122,459	27,573,466	
Capital	475,926				475,926		
General Revenue:							
Property Taxes	94,315,692	92,549,498			94,315,692	92,549,498	
Unrestricted State/ Federal Aid	159,615	143,520			159,615	143,520	
Other	448,512	481,429	1,062	9,365	449,574	490,794	
Total Revenue	<u>127,826,288</u>	<u>121,067,597</u>	<u>234,009</u>	<u>1,308,826</u>	<u>128,060,297</u>	<u>122,376,423</u>	4.64%
Expenses:							
Instruction	70,789,522	67,412,758			70,789,522	67,412,758	
Pupil and Instruction Services	26,405,170	25,003,302			26,405,170	25,003,302	
Administration and Business	9,091,357	8,774,557			9,091,357	8,774,557	
Maintenance and Operations	11,348,794	12,660,730			11,348,794	12,660,730	
Transportation	4,314,930	3,667,558			4,314,930	3,667,558	
Other	1,853,405	1,557,574	379,051	1,428,711	2,232,456	2,986,285	
Total Expenses	<u>123,803,178</u>	<u>119,076,479</u>	<u>379,051</u>	<u>1,428,711</u>	<u>124,182,229</u>	<u>120,505,190</u>	3.05%
Change in Net Position	<u>\$ 4,023,110</u>	<u>\$ 1,991,118</u>	<u>\$ (145,042)</u>	<u>\$ (119,885)</u>	<u>\$ 3,878,068</u>	<u>\$ 1,871,233</u>	107.25%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**

	Total Cost of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 70,789,522	\$ 67,412,758	\$47,553,019	\$47,289,976
Pupil and Instruction Services	26,405,170	25,003,302	21,717,643	21,342,080
Administration and Business	9,091,357	8,774,557	7,271,593	7,132,086
Maintenance and Operations	11,348,794	12,660,730	9,232,203	11,179,911
Transportation	4,314,930	3,667,558	3,272,846	2,681,702
Other	1,853,405	1,557,574	1,853,405	1,557,574
	<u>\$ 123,803,178</u>	<u>\$ 119,076,479</u>	<u>\$ 90,900,709</u>	<u>\$ 91,183,329</u>

Business-Type Activities

The net position of the District’s business-type activities decreased by \$145,042 (a decrease of \$172,014 in the Food Service Fund and an increase of \$26,972 in the Summer Community Education Fund) primarily as a result of the interruption of services and operations due to COVID-19. (Refer to Figure A-4).

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Analysis of the District’s Funds

While the District’s financial position increased \$3,878,068 on a District-wide basis, it increased \$2,215,716 on a fund basis. The overall fund balances of the General Fund increased \$2,053,442 and the Capital Projects Fund increased \$475,926 and the fund balance of the Special Revenue Fund decreased \$313,652.

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 \$773,011, or 1.42%, from the previous fiscal year. During the 2020-2021 school year, there were District additions which totaled \$3,162,896 which were offset by \$2,072,389 in depreciation and \$317,496 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
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Sites (Land)	\$ 449,315	\$ 449,315			\$ 449,315	\$ 449,315	
Construction in Progress		5,604,858				5,604,858	
Buildings and Building Improvements	50,436,326	43,423,412			50,436,326	43,423,412	
Machinery and Equipment	3,476,311	4,054,859	\$ 821,407	\$ 877,904	4,297,718	4,932,763	
Total Capital Assets, Net of Depreciation	\$54,361,952	\$53,532,444	\$ 821,407	\$ 877,904	\$55,183,359	\$54,410,348	1.42%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term Liabilities

The District’s long-term liabilities decreased by \$2,378,441, or 5.27%, from the previous fiscal year. At year-end, the District had \$1,905,000 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
	2020/21	2019/20	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 1,905,000	\$ 3,075,000	
Net Pension Liability	19,461,659	22,266,327	
Other Long-Term Liabilities	21,380,952	19,784,725	
	<u>\$ 42,747,611</u>	<u>\$ 45,126,052</u>	<u>-5.27%</u>

- Principal payments of \$1,170,000 on the District’s general obligation bonds were made during the fiscal year.
- The District’s net pension liability decreased by \$2,804,668.
- The District’s other long-term liabilities as of June 30, 2021 are comprised of capital leases, compensated absences payable, unamortized bond issuance premiums and other postemployment benefits.
- The District entered into a \$643,000 capital lease and made \$627,972 of lease payments during the fiscal year.
- Compensated absences payable increased overall by \$214,150.
- The District’s other postemployment benefits liability increased by \$1,444,846.
- 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 housing development expected in the communities and the need for significant building repairs in future years to maintain their sound condition. The COVID-19 pandemic and the State’s current financial condition create a concern regarding future state aid.

Due to the District’s sound fiscal management, capital and maintenance reserve funds currently exist to provide for the most pressing facility needs. Future circumstances may include reductions in the deposits into these funds, which will ultimately necessitate a bond issue to maintain the District facilities.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,078,440	\$ 482,864	\$ 7,561,304
Receivables from Other Governments	3,682,555	34,746	3,717,301
Other Receivables	3,991		3,991
Inventory		25,397	25,397
Prepaid Expenses	1,607,505		1,607,505
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	8,286,838		8,286,838
Maintenance Reserve Account	1,721,069		1,721,069
Unemployment Compensation	1,174,119		1,174,119
Student Activities	170,765		170,765
Capital Assets, Net:			
Sites (Land)			
	449,315		449,315
Depreciable Buildings and Building Improvements and Machinery and Equipment			
	53,912,637	821,407	54,734,044
Total Assets	<u>78,087,234</u>	<u>1,364,414</u>	<u>79,451,648</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	153,304		153,304
Deferred Outflows of Resources Related to OPEB	1,272,652		1,272,652
Deferred Outflows of Resources Related to Pensions	3,801,942		3,801,942
Total Deferred Outflows of Resources	<u>5,227,898</u>		<u>5,227,898</u>
LIABILITIES			
Payable to State Government	151,923		151,923
Accounts Payable	4,518,180	34,879	4,553,059
Accrued Interest Payable	59,155		59,155
Unearned Revenue	165,075	105,126	270,201
Noncurrent Liabilities:			
Due Within One Year	1,709,323		1,709,323
Due Beyond One Year	41,038,288		41,038,288
Total Liabilities	<u>47,641,944</u>	<u>140,005</u>	<u>47,781,949</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to OPEB	667,994		667,994
Deferred Inflows of Resources Related to Pensions	9,179,025		9,179,025
Total Deferred Inflows of Resources	<u>9,847,019</u>		<u>9,847,019</u>
NET POSITION			
Net Investment in Capital Assets	51,667,121	821,407	52,488,528
Restricted for:			
Capital Projects	8,286,838		8,286,838
Maintenance	1,721,069		1,721,069
Excess Surplus	1,000,000		1,000,000
Unemployment Compensation	1,174,119		1,174,119
Student Activities	170,765		170,765
Unrestricted (Deficit)	<u>(38,193,743)</u>	<u>403,002</u>	<u>(37,790,741)</u>
Total Net Position	<u>\$ 25,826,169</u>	<u>\$ 1,224,409</u>	<u>\$ 27,050,578</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, 2021

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
Governmental Activities:							
Instruction:							
Regular	\$ 51,761,366	\$ 188,545	\$ 11,036,821		\$ (40,536,000)	\$	\$ (40,536,000)
Special Education	14,674,647		11,108,951		(3,565,696)		(3,565,696)
Other Special Instruction	1,974,747		429,736		(1,545,011)		(1,545,011)
School Sponsored/Other Instruction	2,378,762		472,450		(1,906,312)		(1,906,312)
Support Services:							
Tuition	7,742,976				(7,742,976)		(7,742,976)
Student & Instruction Related Services	18,662,194	315,995	4,371,532		(13,974,667)		(13,974,667)
General Administrative Services	1,141,228		130,527		(1,010,701)		(1,010,701)
School Administrative Services	5,362,023		1,206,152		(4,155,871)		(4,155,871)
Central Services	1,827,695		364,959		(1,462,736)		(1,462,736)
Administrative Information Technology	760,411		118,126		(642,285)		(642,285)
Plant Operations and Maintenance	11,348,794		1,640,665	\$ 475,926	(9,232,203)		(9,232,203)
Pupil Transportation	4,314,930	625	1,041,459		(3,272,846)		(3,272,846)
Transfer of Funds to Charter Schools	95,276				(95,276)		(95,276)
Interest on Long-Term Debt	96,542				(96,542)		(96,542)
Unallocated Depreciation	1,661,587				(1,661,587)		(1,661,587)
Total Governmental Activities	123,803,178	505,165	31,921,378	475,926	(90,900,709)		(90,900,709)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 379,051	\$ 5,069	\$ 201,081		\$ (172,901)	\$ (172,901)	\$ (172,901)
Summer Community Education		26,797			26,797	26,797	26,797
Total Business-Type Activities	379,051	31,866	201,081		(146,104)	(146,104)	(146,104)
Total Primary Government	\$ 124,182,229	\$ 537,031	\$ 32,122,459	\$ 475,926	\$ (90,900,709)	(146,104)	(91,046,813)

General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				93,021,192			93,021,192
Taxes Levied for Debt Service				1,294,500			1,294,500
Federal and State Aid not Restricted				159,615			159,615
Investment Earnings				42,819	1,062		43,881
Miscellaneous Income				405,693			405,693
Total General Revenues				94,923,819	1,062		94,924,881
Change in Net Position				4,023,110	(145,042)		3,878,068
Net Position - Beginning (Restated)				21,803,059	1,369,451		23,172,510
Net Position - Ending				\$ 25,826,169	\$ 1,224,409		\$ 27,050,578

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, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 6,861,357	\$ 217,083	\$ 7,078,440
Receivables from Other Governments	3,572,025	110,530	3,682,555
Other Receivables		3,991	3,991
Prepaid Expenses	1,607,505		1,607,505
Restricted Cash and Cash Equivalents	11,182,026	170,765	11,352,791
Total Assets	\$ 23,222,913	\$ 502,369	\$ 23,725,282
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable to State Government		\$ 151,923	\$ 151,923
Accounts Payable	\$ 2,956,076	119,704	3,075,780
Unearned Revenue	100,148	64,927	165,075
Total Liabilities	3,056,224	336,554	3,392,778
Fund Balances:			
Restricted:			
Capital Reserve Account	8,286,838		8,286,838
Maintenance Reserve Account	1,721,069		1,721,069
Excess Surplus - Designated for Subsequent Year's Expenditures	1,000,000		1,000,000
Unemployment Compensation	1,174,119		1,174,119
Student Activities		170,765	170,765
Assigned - Encumbrances	2,360,587		2,360,587
Unassigned/(Deficit)	5,624,076	(4,950)	5,619,126
Total Fund Balances/(Deficit)	20,166,689	165,815	20,332,504
Total Liabilities and Fund Balances	\$ 23,222,913	\$ 502,369	\$ 23,725,282

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

Total Fund Balances (from Above)	\$ 20,332,504
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	54,361,952
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(19,461,659)
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	1,272,652
Deferred Inflows of Resources Related to OPEB	(667,994)
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	2,359,542
Deferred Inflows of Resources Related to Pensions	(9,179,025)
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.	(23,130,358)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(59,155)
Bond Issuance Premiums are reported as revenue in the Governmental Funds.	(155,594)
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure.	153,304
Net Position of Governmental Activities	\$ 25,826,169

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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 93,021,192			\$ 1,294,500	\$ 94,315,692
Transportation Fees from Individuals	625				625
Interest Earned on:					
Capital Reserve Funds	5,548				5,548
Maintenance Reserve Funds	3,608				3,608
Miscellaneous Revenues	439,356	\$ 543,480			982,836
Total - Local Sources	93,470,329	543,480		1,294,500	95,308,309
State Sources	23,879,345	580,254	\$ 475,926		24,935,525
Federal Sources	60,612	2,285,557			2,346,169
Total Revenues	117,410,286	3,409,291	475,926	1,294,500	122,590,003
EXPENDITURES					
Current:					
Regular Instruction	29,848,792	899,687			30,748,479
Special Education Instruction	7,505,334	1,372,243			8,877,577
Other Special Instruction	1,159,975				1,159,975
School Sponsored/Other Instruction	1,486,284				1,486,284
Support Services and Undistributed Costs:					
Tuition	7,742,976				7,742,976
Student & Instruction Related Services	10,725,056	1,752,723			12,477,779
General Administrative Services	873,413				873,413
School Administrative Services	3,023,981				3,023,981
Central Services	1,162,203				1,162,203
Administration Information Technology	493,676				493,676
Plant Operations and Maintenance	6,711,174				6,711,174
Pupil Transportation	3,896,405				3,896,405
Allocated Benefits	165,294				165,294
Unallocated Benefits	35,359,888				35,359,888
Transfer of Funds to Charter Schools	95,276				95,276
Capital Outlay	5,448,407				5,448,407
Debt Service:					
Principal				1,170,000	1,170,000
Interest and Other Charges				124,500	124,500
Total Expenditures	115,698,134	4,024,653		1,294,500	121,017,287
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	1,712,152	(615,362)	475,926		1,572,716
OTHER FINANCING SOURCES/(USES)					
Capital Leases (non-budgeted)	643,000				643,000
Transfers In		301,710			301,710
Transfers Out	(301,710)				(301,710)
Total Other Financing Sources/(Uses)	341,290	301,710			643,000
Net Change in Fund Balances	2,053,442	(313,652)	475,926		2,215,716
Fund Balance/(Deficit) - July 1 (Restated)	18,113,247	479,467	(475,926)		18,116,788
Fund Balance - June 30	\$ 20,166,689	\$ 165,815	\$ -0-	\$ -0-	\$ 20,332,504

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, 2021

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,215,716

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	\$ (2,009,052)
Capital outlays	3,156,056
	(317,496)

Disposal of capital assets, net of accumulated depreciation 829,508

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. (643,000)

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. 627,972

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. 1,170,000

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 (+). 30,891

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	2,804,668
Change in Deferred Outflows of Resources Related to Pensions	(1,393,425)
Change in Deferred Inflows of Resources Related to Pensions	(676,834)

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	(1,444,846)
Change in Deferred Outflows of Resources Related to OPEB	628,259
Change in Deferred Inflows of Resources Related to OPEB	87,206

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 (+). (214,150)

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 (-) (76,652)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 4,023,110

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, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 368,923	\$ 113,941	\$ 482,864
Accounts Receivable:			
Other Governments - Federal	34,746		34,746
Inventories	25,397		25,397
Total Current Assets	<u>429,066</u>	<u>113,941</u>	<u>543,007</u>
Non-Current Assets:			
Capital Assets	1,179,173		1,179,173
Less: Accumulated Depreciation	<u>(357,766)</u>		<u>(357,766)</u>
Total Non-Current Assets	<u>821,407</u>		<u>821,407</u>
Total Assets	<u>1,250,473</u>	<u>113,941</u>	<u>1,364,414</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors	34,879		34,879
Unearned Revenue:			
Prepaid Sales	<u>105,126</u>		<u>105,126</u>
Total Current Liabilities	<u>140,005</u>		<u>140,005</u>
Total Liabilities	<u>140,005</u>		<u>140,005</u>
NET POSITION:			
Investment in Capital Assets	821,407		821,407
Unrestricted	<u>289,061</u>	<u>113,941</u>	<u>403,002</u>
Total Net Position	<u>\$ 1,110,468</u>	<u>\$ 113,941</u>	<u>\$ 1,224,409</u>

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, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Non-Reimbursable Programs	\$ 5,069		\$ 5,069
Program Fees		\$ 26,797	26,797
Total Operating Revenue	<u>5,069</u>	<u>26,797</u>	<u>31,866</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	74,995		74,995
Non-Reimbursable Programs	<u>3,956</u>		<u>3,956</u>
Total Cost of Sales	78,951		78,951
Salaries	93,019		93,019
Payroll Taxes	9,793		9,793
Employee Benefits	11,332		11,332
Purchased Property Services	18,830		18,830
Management Fee	54,180		54,180
Insurance	15,711		15,711
Supplies and Materials	33,898		33,898
Depreciation Expense	<u>63,337</u>		<u>63,337</u>
Total Operating Expenses	<u>379,051</u>		<u>379,051</u>
Operating Income/(Loss)	<u>(373,982)</u>	<u>26,797</u>	<u>(347,185)</u>
Non-Operating Revenue:			
Federal Sources:			
Summer Food Service Program:			
School Breakfast	57,503		57,503
School Lunch	143,578		143,578
Local Sources - Interest Revenue	<u>887</u>	<u>175</u>	<u>1,062</u>
Total Non-Operating Revenue	<u>201,968</u>	<u>175</u>	<u>202,143</u>
Change in Net Position	(172,014)	26,972	(145,042)
Net Position - Beginning of Year	<u>1,282,482</u>	<u>86,969</u>	<u>1,369,451</u>
Net Position - End of Year	<u>\$ 1,110,468</u>	<u>\$ 113,941</u>	<u>\$ 1,224,409</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, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Non-Major Fund</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,941	\$ 26,797	\$ 28,738
Payments to Employees	(27,680)		(27,680)
Payments to Food Service Vendor	(233,942)		(233,942)
Payments to Suppliers	(140,064)		(140,064)
Net Cash Provided by/(Used for) Operating Activities	<u>(399,745)</u>	<u>26,797</u>	<u>(372,948)</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(99,858)		(99,858)
Net Cash Used for Capital Financing Activities	<u>(99,858)</u>		<u>(99,858)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	166,335		166,335
Net Cash Provided by Noncapital Financing Activities	<u>166,335</u>		<u>166,335</u>
Cash Flows from Investing Activities:			
Interest Revenue	887	175	1,062
Net Cash Provided by Investing Activities	<u>887</u>	<u>175</u>	<u>1,062</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(332,381)	26,972	(305,409)
Cash and Cash Equivalents, July 1	701,304	86,969	788,273
Cash and Cash Equivalents, June 30	<u>\$ 368,923</u>	<u>\$ 113,941</u>	<u>\$ 482,864</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (373,982)	\$ 26,797	\$ (347,185)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	63,337		63,337
Changes in Assets and Liabilities:			
Decrease in Inventory	3,147		3,147
(Decrease) in Accounts Payable	(89,119)		(89,119)
(Decrease) in Unearned Revenue	(3,128)		(3,128)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (399,745)</u>	<u>\$ 26,797</u>	<u>\$ (372,948)</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, 2021

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. 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, 2021
(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. Separate statements for each fund category – *governmental and proprietary* - 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, 2021
(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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 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, 2021 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, 2021
(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 except for student activities. 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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 117,422,641	\$ 3,587,103
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		(180,807)
Prior Year Encumbrances		2,995
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	373,709	4,950
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	(386,064)	(4,950)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 117,410,286	\$ 3,409,291

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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	\$ 115,698,134	\$ 4,202,465
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		(180,807)
Prior Year Encumbrances		<u>2,995</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 115,698,134</u>	<u>\$ 4,024,653</u>
	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	
Revenue (Budgetary Basis)	\$ - 0 -	
Reconciliation to Governmental Funds Statement (GAAP Basis):		
SDA Grants Recognized/(Not Recognized) on GAAP Basis	<u>475,926</u>	
Revenue per Governmental Funds (GAAP Basis)	<u>\$ 475,926</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, 2021
(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, 2021
(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, 2021.

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, 2021
(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, 2021.

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, 2021
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$20,166,689 General Fund balance at June 30, 2021, \$2,360,587 is assigned for encumbrances; \$8,286,838 is restricted for the capital reserve account; \$1,721,069 is restricted for the maintenance reserve account; \$1,174,119 is restricted for unemployment compensation; \$1,000,000 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended which is prior year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2022; and \$5,624,076 is unassigned which is \$386,064 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, 2022.

Special Revenue Fund: Of the \$165,815 fund balance at June 30, 2021, \$170,765 is restricted for student activities and there is a deficit in Unassigned fund balance of \$4,950 on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2022.

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, 2021 as defined above.

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, 2021
(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, capital and maintenance reserves, and unemployment compensation in the General Fund and for student activities in the Special Revenue Fund.

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, 2021.

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, 2021.

R. Deficit Fund Balance/Net Position:

The District has a deficit Unassigned fund balance as of June 30, 2021 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. The District's governmental activities has a \$38,193,743 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, 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 OPEB 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, 2021 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, 2021 related to pensions and OPEB.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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 in the Investments section of this note.

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, 2021
(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, 2021
(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, 2021
(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 7,561,304	\$ 11,352,791	\$ 18,914,095

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$18,914,095 and the bank balance was \$23,046,797.

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 3,264,059
Interest Earnings	5,548
Deposit by Board Resolution - June 23, 2021	5,006,941
Unexpended Capital Outlay Funds Returned	101,736
Withdrawals by Board Resolution	(91,446)
Ending Balance, June 30, 2021	\$ 8,286,838

The balance in the capital reserve account at June 30, 2021 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, 2021
(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,717,461
Interest Earnings	<u>3,608</u>
Ending Balance, June 30, 2021	<u><u>\$ 1,721,069</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$1,107,247 to the capital outlay accounts for equipment which did not require County Superintendent approval.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 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	5,604,858		\$ (5,604,858)	
Total Capital Assets Not Being Depreciated	<u>6,054,173</u>		<u>(5,604,858)</u>	<u>449,315</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	67,793,412	\$ 2,990,986	5,604,858	76,389,256
Machinery and Equipment	7,752,674	165,070	(409,004)	7,508,740
Total Capital Assets Being Depreciated	<u>75,546,086</u>	<u>3,156,056</u>	<u>5,195,854</u>	<u>83,897,996</u>
Governmental Activities Capital Assets	<u>81,600,259</u>	<u>3,156,056</u>	<u>(409,004)</u>	<u>84,347,311</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(24,370,000)	(1,582,930)		(25,952,930)
Machinery and Equipment	(3,697,815)	(426,122)	91,508	(4,032,429)
	<u>(28,067,815)</u>	<u>(2,009,052)</u>	<u>91,508</u>	<u>(29,985,359)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,532,444</u>	<u>\$ 1,147,004</u>	<u>\$ (317,496)</u>	<u>\$ 54,361,952</u>
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,176,120	\$ 6,840	\$ (3,787)	\$ 1,179,173
Less Accumulated Depreciation	(298,216)	(63,337)	3,787	(357,766)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 877,904</u>	<u>\$ (56,497)</u>	<u>\$ -0-</u>	<u>\$ 821,407</u>

Capital acquisitions totaled \$3,162,896 and included \$3,156,056 and \$6,840 of current fiscal year capitalized expenditures in the Governmental and Business-Type Activities, respectively. The District transferred \$5,604,858 of completed capital projects to depreciable capital assets during the current fiscal year. As of June 30, 2021, the District had no active construction projects balances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 17,426
Student and Instruction Related Services	925
General Administrative Services	20,488
School Administrative Services	15,378
Administration Information Technology	43,230
Plant Operations and Maintenance	181,265
Pupil Transportation	68,753
Unallocated	<u>1,661,587</u>
	<u>\$ 2,009,052</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2020	Issued/ Accrued	Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 3,075,000		\$ 1,170,000	\$ 1,905,000
Capital Leases Payable	928,107	\$ 643,000	627,972	943,135
Compensated Absences Payable	1,522,017	314,898	100,748	1,736,167
Unamortized Bond Issuance Premiums	233,391		77,797	155,594
Net Pension Liability	22,266,327		2,804,668	19,461,659
Other Post-Employment Benefits Payable	17,101,210	1,444,846		18,546,056
	<u>\$ 45,126,052</u>	<u>\$ 2,402,744</u>	<u>\$ 4,781,185</u>	<u>\$ 42,747,611</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, 2021 as follows:

Purpose	Date of Issue	Final Maturity	Interest Rate	Amount
School Refunding Bonds	02/11/10	07/15/22	5.00%	<u>\$ 1,905,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,165,000	\$ 66,125	\$ 1,231,125
2023	740,000	18,500	758,500
	<u>\$ 1,905,000</u>	<u>\$ 84,625</u>	<u>\$ 1,989,625</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2021, 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, 2021
(Continued)

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

C. Capital Leases Payable:

As of June 30, 2021, the District has three capital leases payable for technology equipment that originally totaled \$1,876,000 of which \$932,865 has been liquidated as of June 30, 2021. All of the leases are for four years with the final payments occurring in fiscal years 2021-22, 2022-23 and 2023-24. 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, 2021 are detailed below.

<u>Year</u>	<u>Amount</u>
2022	\$ 483,434
2023	323,336
2024	<u>162,432</u>
	969,202
Less: Amount representing interest	<u>(26,067)</u>
Present value of net minimum lease payments	<u><u>\$ 943,135</u></u>

The current portion of capital leases payable at June 30, 2021 is \$466,526 and the long-term portion is \$476,609. 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, 2021 is \$77,797 and the long-term portion is \$77,797.

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 \$1,736,167 of compensated absences payable at June 30, 2021 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, 2021, 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 \$18,546,056 of OPEB payable at June 30, 2021 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 \$19,461,659 net pension liability at June 30, 2021 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, 2021
(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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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. 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, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more 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, 2021
(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 \$1,305,549 for fiscal year 2021.

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, 2021, the District reported a liability of \$19,461,659 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.1193%, which was a decrease of 0.0042% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$590,809.

At June 30, 2020, 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, 2021
(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	2016	5.57	\$ 631,358	
	2017	5.48		\$ 1,842,206
	2018	5.63		1,807,331
	2019	5.21		1,435,280
	2020	5.16		3,063,964
			<u>631,358</u>	<u>8,148,781</u>
Changes in Proportion	2016	5.57	29,557	
	2017	5.48		193,219
	2018	5.63	98,116	
	2019	5.21	580,931	
	2020	5.16		768,200
			<u>708,604</u>	<u>961,419</u>
Difference Between Expected and Actual Experience	2016	5.57	19,160	
	2017	5.48	54,787	
	2018	5.63		68,825
	2019	5.21	109,714	
	2020	5.16	170,704	
			<u>354,365</u>	<u>68,825</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(238,152)	
	2018	5.00	(220,872)	
	2019	5.00	53,451	
	2020	5.00	1,070,788	
			<u>665,215</u>	
District Contribution Subsequent to the Measurement Date	2020	1.00	1,442,400	
			<u>\$ 3,801,942</u>	<u>\$ 9,179,025</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (2,442,082)
2022	(2,226,437)
2023	(1,272,352)
2024	(514,518)
2025	(111,279)
	\$ (6,566,668)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the noncontributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020 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, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 24,498,982	\$ 19,461,659	\$ 15,187,353

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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-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. 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, 2021
(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, Tiers 3 and 4 with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more 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 retirement age for their 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. For fiscal year 2020, 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 State of New Jersey's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$9,985,997 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$14,396,215.

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, 2021, the State's proportionate share of the net pension liability associated with the District was \$231,508,990. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.3516%, which was an increase of 0.0102% from its proportion measured as of June 30, 2019.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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>231,508,990</u>
Total	\$	<u><u>231,508,990</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$14,396,215 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

	<u>Amortization Period</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions:			
2014	8.50 years	\$ 461,324,773	
2015	8.30 years	1,638,696,238	
2016	8.30 years	4,304,747,820	
2017	8.30 years		\$ 6,882,861,832
2018	8.29 years		4,349,959,805
2019	8.04 years		3,009,143,115
2020	7.99 years	1,411,170,422	
Difference Between Expected and Actual Experience:			
2014	8.50 years		4,393,807
2015	8.30 years	101,207,836	
2016	8.30 years		53,533,223
2017	8.30 years	122,460,660	
2018	8.29 years	763,099,015	
2019	8.04 years		116,909,940
2020	7.99 years		7,520,890
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2017	5 years	(226,008,261)	
2018	5 years	(192,060,744)	
2019	5 years	108,662,078	
2020	5 years	<u>965,582,162</u>	
		<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Total Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the State's proportionate share of the net pension liability associated with 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, 2020		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(4.40%)	(5.40%)	(6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 271,934,422	\$ 231,508,990	\$ 197,942,454

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 \$21,822 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$34,645 for the fiscal year ended June 30, 2021.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019.

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 - 3.05%	2.00 - 6.00%
	based on	based on
	service years	service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on	based on
	service years	service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 156,068,309
Changes for Year:	
Service Cost	6,203,017
Interest Cost	6,198,765
Difference Between Expected and Actual Experience	(24,239,409)
Changes in Assumptions	2,118,967
Member Contributions	129,318
Gross Benefit Payments	(4,362,550)
Net Changes	(13,951,892)
Balance at June 30, 2019	\$ 142,116,417

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2019 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 167,895,649	\$ 142,116,417	\$ 121,638,808

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, 2019 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 117,097,593	\$ 142,116,417	\$ 175,236,203

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021, the District recognized OPEB expense of \$4,015,065 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, 2019, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 16,545,225
	2018	9.51		14,231,132
	2019	9.29	\$ 1,890,876	
			<u>1,890,876</u>	<u>30,776,357</u>
Difference Between Expected and Actual Experience	2018	9.51		13,452,848
	2019	9.29		22,255,719
				<u>35,708,567</u>
Changes in Proportion	N/A	N/A	2,109,337	43,636
			<u>\$ 4,000,213</u>	<u>\$ 66,528,560</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:

Fiscal Year Ending June 30,	Total
2020	\$ (8,672,688)
2021	(8,672,688)
2022	(8,672,688)
2023	(8,672,688)
2024	(8,672,688)
Thereafter	<u>(21,230,608)</u>
	<u>\$ (64,594,048)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 fully insured premium rates provided by the District for the July 1, 2019 and July 1, 2020 plan years. 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 May 2020, there is a total of 1,099 active employees and retirees, reflecting the sum of 776 active employees (611 currently electing coverage and 165 opting out) and 323 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 \$18,546,056 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 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	2.09%
Salary Increases	3.00%

Health Care Trend Rates

	<u>Year</u>	<u>Pre 65</u>	<u>Post 65</u>
Year 1 Trend	July 1, 2021	8%	8%
Ultimate Trend	July 1, 2033 & 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, 2021
(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, 2021.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 17,101,210
Changes for Year:	
Service Cost	908,419
Interest	351,048
Changes in Assumptions	794,645
Benefit Payments	<u>(609,266)</u>
Net Changes	<u>1,444,846</u>
Balance at June 30, 2021	<u>\$ 18,546,056</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 (1.09 percent) or 1-percentage-point higher (3.09 percent) than the current discount rate:

	June 30, 2021		
	1% Decrease (1.09%)	Discount Rate (2.09%)	1% Increase (3.09%)
Total OPEB Liability	\$ 21,128,180	\$ 18,546,056	\$ 16,421,633

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 (7.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (9.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	June 30, 2021		
	1% Decrease (7.00%) Decreasing to (4.00%)	Healthcare Cost Trend Rate (8.00%) Decreasing to (5.00%)	1% Increase (9.00%) Decreasing to (6.00%)
Total OPEB Liability	\$ 16,142,257	\$ 18,546,056	\$ 21,471,720

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$1,338,647.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following source:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	9.66	\$ 560,268	
	2020	9.66		\$ 667,994
	2021	9.66	712,384	
			\$ 1,272,652	\$ 667,994

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2022	\$ 79,180
2023	79,180
2024	79,180
2025	79,180
2026	79,180
Total Thereafter	208,758
	\$ 604,658

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, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The June 30, 2021 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, 2020 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 384,022,002
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Members Dividends	\$ - 0 -
Change in Net Position for the Year Ended June 30, 2020	\$ 31,408,509

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 Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two fiscal years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 50,000	\$ 2,205	\$ 82,938	\$ 38,121	\$ 1,174,119
2019-2020	50,000	9,849	85,940	66,365	1,077,097
2018-2019	50,000	11,366	80,801	68,572	997,673

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, 2021
(Continued)

NOTE 13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

No interfund balances remained on the balance sheet at June 30, 2021.

During the fiscal year, the General Fund transferred \$301,710 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, 2021
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund			
Accrued Salaries and Wages	\$ 268,324			\$ 268,324	
Payroll Deductions and Withholdings	626,047			626,047	
Vendors	2,061,705	\$ 119,704		2,181,409	\$ 34,879
Due to:					
State of New Jersey			\$ 1,442,400	1,442,400	
	<u>\$ 2,956,076</u>	<u>\$ 119,704</u>	<u>\$ 1,442,400</u>	<u>\$ 4,518,180</u>	<u>\$ 34,879</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 \$716,811 from two payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatements would have been \$1,928,621 of which \$1,250,198 would have been for regional school taxes.

The Borough of Fanwood recognized revenue in the amount of \$339,512 from four payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatements would have been \$576,119 of which \$354,387 would have been for regional school taxes.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021, 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	Total
\$ 2,360,587	\$ 180,807	\$ 2,541,394

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$180,807 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.

NOTE 19. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2021:

	Governmental Activities			Business- Type
	General Fund	Special Revenue Fund	Total Governmental Funds	Proprietary Funds
Federal		\$ 110,530	\$ 110,530	\$ 34,746
State	\$ 3,572,025		3,572,025	
	\$ 3,572,025	\$ 110,530	\$ 3,682,555	\$ 34,746

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance and Flexible Spending Trust Funds which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 20,241,545	\$ 1,561,514	\$ 21,803,059
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 17,036,150	\$ 1,077,097	\$ 18,113,247
Special Revenue Fund:			
Fund Balance/(Deficit) - June 30	\$ (4,950)	\$ 484,417	\$ 479,467
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 1,077,097	\$ (1,077,097)	\$ - 0 -
Flexible Spending Trust:			
Net Position - End of the Year	\$ 68,978	\$ (68,978)	\$ - 0 -

NOTE 21. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Enterprise Funds have been impacted by COVID-19 for the fiscal year ending June 30, 2022, as the District continues to serve free meals to students.

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION**

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 SEVEN FISCAL YEARS

	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%
	Fiscal Year Ending June 30,				
	2020	2021			
District's Proportion of the Net Pension Liability	0.1235749238%	0.1193426136%			
District's proportionate share of the Net Pension Liability	\$ 22,266,327	\$ 19,461,659			
District's Covered Employee Payroll	\$ 8,369,450	\$ 8,916,068			
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	266.04%	218.28%			
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	58.32%			

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 SEVEN FISCAL YEARS

	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	\$ 8,135,292	\$ 7,989,478	\$ 8,241,104	\$ 8,557,148	\$ 8,369,450
Contributions as a percentage of Covered Employee Payroll	11.72%	12.95%	13.13%	13.20%	14.28%

	Fiscal Year Ending June 30,	
	2020	2021
Contractually Required Contribution	\$ 1,228,956	\$ 1,305,549
Contributions in relation to the Contractually Required Contribution	<u>(1,228,956)</u>	<u>(1,305,549)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 8,916,068	\$ 8,930,618
Contributions as a percentage of Covered Employee Payroll	13.78%	14.62%

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 SEVEN FISCAL YEARS

	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%
	Fiscal Year Ending June 30,				
	2020	2021			
State's proportion of the Net Pension Liability attributable to the District	0.3413448873%	0.3515766443%			
State's proportionate share of the Net Pension Liability attributable to the District	\$ 209,486,579	\$ 231,508,990			
District's Covered Employee Payroll	\$ 37,481,877	\$ 39,331,488			
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of the District's Covered Employee Payroll	558.90%	588.61%			
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%	24.60%			

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	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%
	Fiscal Year Ending June 30,				
	2020	2021			
Contractually Required Contribution	\$ 12,356,078	\$ 14,396,215			
Contributions in relation to the Contractually Required Contribution	<u>(7,711,422)</u>	<u>(9,985,997)</u>			
Contribution Deficiency/(Excess)	<u>\$ 4,644,656</u>	<u>\$ 4,410,218</u>			
District's Covered Employee Payroll	\$ 39,331,488	\$ 40,342,216			
Contributions as a percentage of Covered Employee Payroll	19.61%	24.75%			

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 SCHOOL DISTRICT
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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 8,269,076	\$ 6,846,632	\$ 6,203,017
Interest Cost	5,725,771	6,634,059	6,198,765
Difference Between Expected and Actual Experience		(15,932,833)	(24,239,409)
Changes in Assumptions	(24,143,890)	(17,909,620)	2,118,967
Member Contributions	153,911	144,233	129,318
Gross Benefit Payments	(4,179,815)	(4,173,211)	(4,362,550)
Net Change in Total OPEB Liability	(14,174,947)	(24,390,740)	(13,951,892)
Total OPEB Liability - Beginning	194,633,996	180,459,049	156,068,309
Total OPEB Liability - Ending	<u>\$ 180,459,049</u>	<u>\$ 156,068,309</u>	<u>\$ 142,116,417</u>
District's Covered Employee Payroll *	\$ 41,956,358	\$ 43,838,687	\$ 45,838,716
Total OPEB Liability as a Percentage of Covered Employee Payroll	430%	356%	310%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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 FOUR FISCAL YEARS

	Fiscal Year Ending June 30,			
	2018	2019	2020	2021
Total OPEB Liability				
Service Cost	\$ 727,081	\$ 770,680	\$ 829,649	\$ 908,419
Interest	517,528	506,284	415,184	351,048
Changes in Assumptions		812,643	(842,406)	794,645
Benefit Payments	(471,959)	(552,080)	(633,899)	(609,266)
Net Change in Total OPEB Liability	772,650	1,537,527	(231,472)	1,444,846
Total OPEB Liability - Beginning	15,022,505	15,795,155	17,332,682	17,101,210
Total OPEB Liability - Ending	<u>\$ 15,795,155</u>	<u>\$ 17,332,682</u>	<u>\$ 17,101,210</u>	<u>\$ 18,546,056</u>
Covered Employee Payroll *	\$ 50,230,068	\$ 50,230,068	\$ 49,730,721	\$ 49,730,721
Total OPEB Liability as a Percentage of Covered Employee Payroll	31.45%	34.51%	34.39%	37.29%

* - Total Annual Salary (Compensation) based on Valuation Census Information
(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, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

	As of June 30,	
	2020	2019
Discount Rate	7.00%	6.28%

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

	2020	2019
Discount Rate	5.40%	5.60%
Municipal Bond Rate	2.21%	3.50%

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement 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 the MP-2017 scale. Post-retirement 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 the MP-2017 scale. 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 MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, 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 rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

D. DISTRICT POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefit Terms Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.44% as of June 30, 2020 to 2.09% as of June 30, 2021.

BUDGETARY COMPARISON SCHEDULES

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 93,021,192	\$ (30,000)	\$ 93,021,192	\$ 93,021,192	\$ 625
Transportation Fees from Individuals	30,000		1,000	5,548	4,548
Interest Earned on Capital Reserve Funds	1,000		750	3,608	2,858
Interest Earned on Maintenance Reserve Funds	750		420,000	439,356	19,356
Unrestricted Miscellaneous Revenues	420,000				
Total - Local Sources	93,472,942	(30,000)	93,442,942	93,470,329	27,387
State Sources:					
Categorical Transportation Aid	792,773		792,773	792,773	
Special Education Categorical Aid	3,760,545	(439,874)	3,320,671	3,320,671	
Categorical Security Aid	98,844		98,844	98,844	
Extraordinary Special Education Costs Aid	400,000		400,000	3,366,261	2,966,261
Nonpublic School Transportation Costs				61,770	61,770
On-Behalf TPAF Contributions:					
Post-Retirement Medical				3,188,998	3,188,998
Pension				9,985,997	9,985,997
Non-Contributory Insurance				189,997	189,997
Long-Term Disability Insurance				6,842	6,842
Reimbursed TPAF Social Security (Non-Budgeted)				2,879,547	2,879,547
Total State Sources	5,052,162	(439,874)	4,612,288	23,891,700	19,279,412
Federal Sources:					
Medicaid Reimbursement (SEMI)	48,044		48,044	60,612	12,568
Total Federal Sources	48,044		48,044	60,612	12,568
TOTAL REVENUES	98,573,148	(469,874)	98,103,274	117,422,641	19,319,367

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,586,814	\$ (178,101)	\$ 1,408,713	\$ 1,351,244	\$ 57,469
Grades 1-5 - Salaries of Teachers	10,061,694	(190,746)	9,870,948	9,677,922	193,026
Grades 6-8 - Salaries of Teachers	7,537,279	(31,899)	7,505,380	7,406,779	98,601
Grades 9-12 - Salaries of Teachers	8,126,827	(345,526)	7,781,301	7,697,522	83,779
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	(9,465)	10,535	4,804	5,731
Purchased Professional - Educational Services	15,000	9,465	24,465	19,786	4,679
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		1,395	1,395	1,395	
Purchased Professional - Educational Services	290,695	(8,798)	281,897	271,572	10,325
Purchased Technical Services	252,815	37,651	290,466	277,216	13,250
Other Purchased Services (400-500 series)	53,353	(43,757)	9,596	5,296	4,300
General Supplies	2,575,118	650,907	3,226,025	3,024,932	201,093
Textbooks	190,534	174,656	365,190	57,263	307,927
Other Objects	60,883	(4,325)	56,558	53,061	3,497
Total Regular Programs - Instruction	30,771,012	61,457	30,832,469	29,848,792	983,677
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	702,533	(1,070)	701,463	530,810	170,653
Other Salaries for Instruction	437,509	11,198	448,707	438,123	10,584
Purchased Professional - Educational Services	5,500	132	5,632	4,746	886
Other Purchased Services (400-500 series)	500	(132)	368	368	
General Supplies	10,000	(4,987)	5,013	4,090	923
Total Multiple Disabilities	1,156,042	5,141	1,161,183	977,769	183,414

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 5,140,415	\$ (17,371)	\$ 5,123,044	\$ 4,862,449	\$ 260,595
Other Salaries for Instruction	1,282,003	13,955	1,295,958	1,252,394	43,564
Purchased Professional - Educational Services		1,513	1,513	1,509	4
Purchased Technical Services	3,000	(1,707)	1,293	1,293	
General Supplies	34,550	8,995	43,545	43,545	
Total Resource Room/Resource Center	6,459,968	5,385	6,465,353	6,161,190	304,163
Preschool Disabilities - Full-Time:					
Salaries of Teachers	199,331	(378)	198,953	196,631	2,322
Other Salaries for Instruction	91,599	(4,912)	86,687	61,973	24,714
Purchased Professional - Educational Services		329	329	328	1
General Supplies	2,700	(2,700)			
Total Preschool Disabilities - Full-Time	293,630	(7,661)	285,969	258,932	27,037
Home Instruction:					
Salaries of Teachers	62,000	3,677	65,677	65,677	
Other Purchased Services (400-500 series)	28,760	13,466	42,226	41,766	460
Total Home Instruction	90,760	17,143	107,903	107,443	460
Total Special Education Instruction	8,000,400	20,008	8,020,408	7,505,334	515,074

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,011,811	\$ 12,591	\$ 1,024,402	\$ 972,315	\$ 52,087
Other Purchased Services (400-500 series)	1,050		1,050		1,050
General Supplies	1,470		1,470	1,448	22
Total Basic Skills/Remedial - Instruction	1,014,331	12,591	1,026,922	973,763	53,159
Bilingual Education - Instruction:					
Salaries of Teachers	164,297	27,485	191,782	186,212	5,570
General Supplies	1,500		1,500		1,500
Total Bilingual Education - Instruction	165,797	27,485	193,282	186,212	7,070
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	297,705	(7,793)	289,912	226,441	63,471
Purchased Services (300-500 series)	37,100	56,920	94,020	81,624	12,396
Supplies and Materials	30,000	(14,522)	15,478	15,138	340
Other Objects	12,200	(12,050)	150	150	
Total School-Sponsored Cocurricular Activities - Instruction	377,005	22,555	399,560	323,353	76,207
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	817,560	23,583	841,143	830,627	10,516
Purchased Services (300-500 series)	172,969	(49,807)	123,162	97,989	25,173
Supplies and Materials	119,447	4,699	124,146	119,831	4,315
Other Objects	32,195	(1,028)	31,167	30,987	180
Total School-Sponsored Cocurricular Athletics - Instruction	1,142,171	(22,553)	1,119,618	1,079,434	40,184

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries	\$ 84,000		\$ 84,000	\$ 83,416	\$ 584
Other Salaries for Instruction	31,000		31,000	81	30,919
Total Summer School - Instruction	115,000		115,000	83,497	31,503
Total Instruction	41,585,716	\$ 121,543	41,707,259	40,000,385	1,706,874
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		21,764	21,764	21,764	
Tuition to Other LEAs Within the State - Special	2,751,181	9,986	2,761,167	2,030,898	730,269
Tuition to County Vocational Schools - Regular	1,250,000		1,250,000	1,196,250	53,750
Tuition to County Vocational Schools - Special	60,000		60,000	36,000	24,000
Tuition to CSSD and Regional Day Schools		172,140	172,140	171,240	900
Tuition to Private Schools for the Disabled - Within the State	4,482,559	(679,500)	3,803,059	3,612,300	190,759
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	414,137	180,351	594,488	572,708	21,780
Tuition - State Facilities	101,816		101,816	101,816	
Total Undistributed Expenditures - Instruction	9,059,693	(295,259)	8,764,434	7,742,976	1,021,458
Attendance and Social Work Services:					
Salaries	77,179		77,179	75,179	2,000
Total Attendance and Social Work Services	77,179		77,179	75,179	2,000
Health Services:					
Salaries	865,699	(30,729)	834,970	814,201	20,769
Purchased Professional and Technical Services	45,840	9,342	55,182	35,100	20,082
Other Purchased Services (400-500 series)	1,250		1,250	479	771
Supplies and Materials	22,754	40,568	63,322	63,143	179
Total Health Services	935,543	19,181	954,724	912,923	41,801

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 912,363	\$ (10,701)	\$ 901,662	\$ 894,877	\$ 6,785
Purchased Professional - Educational Services	2,921,000	1,196	2,922,196	2,122,236	799,960
Supplies and Materials	9,500	7,050	16,550	16,505	45
Total Other Support Services - Speech, OT, PT and Related Services	3,842,863	(2,455)	3,840,408	3,033,618	806,790
Other Support Services - Students - Extraordinary Services:					
Salaries	909,858	(57,629)	852,229	791,932	60,297
Total Other Support Services - Students - Extraordinary Services	909,858	(57,629)	852,229	791,932	60,297
Guidance:					
Salaries of Other Professional Staff	1,476,135	625	1,476,760	1,453,481	23,279
Salaries of Secretarial and Clerical Assistants	311,840	397	312,237	309,796	2,441
Other Salaries	616	209	825	825	
Other Purchased Professional and Technical Services	3,994	1,206	5,200	5,200	
Other Purchased Services (400-500 series)	1,650		1,650	390	1,260
Supplies and Materials	34,725	(2,437)	32,288	16,222	16,066
Other Objects	535		535	400	135
Total Guidance	1,829,495		1,829,495	1,786,314	43,181
Child Study Team:					
Salaries of Other Professional Staff	1,119,455	(30,788)	1,088,667	1,018,028	70,639
Salaries of Secretarial and Clerical Assistants	270,728		270,728	245,675	25,053
Purchased Professional - Educational Services	161,724	37,149	198,873	162,124	36,749
Other Purchased Professional and Technical Services	60,000	5,935	65,935	39,286	26,649
Other Purchased Services (400-500 series)	1,500		1,500	1,189	311
Supplies and Materials	11,500	144	11,644	11,506	138
Other Objects		158	158	158	
Total Child Study Team	1,624,907	12,598	1,637,505	1,477,966	159,539

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 775,045	\$ (127,780)	\$ 647,265	\$ 647,209	\$ 56
Salaries of Other Professional Staff	298,856	(7,000)	291,856	246,002	45,854
Salaries of Secretarial and Clerical Assistants	124,757	(27,792)	96,965	90,295	6,670
Purchased Professional - Educational Services	49,000	6,301	55,301	30,293	25,008
Supplies and Materials	3,500	9	3,509	1,767	1,742
Other Objects	5,000		5,000		5,000
Total Improvement of Instructional Services	1,256,158	(156,262)	1,099,896	1,015,566	84,330
Educational Media Services/School Library:					
Salaries	736,105	(28,085)	708,020	682,355	25,665
Purchased Professional and Technical Services	1,200	(1,200)		558	1,202
Other Purchased Services (400-500 series)	1,760		1,760	74,974	7,473
Supplies and Materials	84,942	(2,495)	82,447		
Total Educational Media Services/School Library	824,007	(31,780)	792,227	757,887	34,340
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	843,365		843,365	778,970	64,395
Salaries of Secretarial and Clerical Assistants	82,839	999	83,838	83,412	426
Other Salaries	2,800	(999)	1,801	736	1,065
Purchased Professional - Educational Services	11,550	1,053	12,603	10,513	2,090
Other Objects	5,000	(1,053)	3,947	40	3,907
Total Instructional Staff Training Services	945,554		945,554	873,671	71,883

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 324,040	\$ (3,932)	\$ 320,108	\$ 320,108	
Legal Services	120,000	12,183	132,183	102,183	\$ 30,000
Audit Fees	53,000	(900)	52,100	52,100	
Architectural/Engineering Services	27,495	20,602	48,097	38,097	10,000
Other Purchased Professional Services	11,875	14,406	26,281	25,506	775
Purchased Technical Services	19,300	(13,553)	5,747	5,747	
Communications/Telephone	179,961	(20,169)	159,792	153,231	6,561
BOE Other Purchased Services	42,000	(10,492)	31,508	31,508	
Miscellaneous Purchased Services (400-500 series)	73,466	26,368	99,834	99,834	
General Supplies	6,100	(3,585)	2,515	2,515	
Miscellaneous Expenditures	19,500	(6,204)	13,296	13,296	
BOE Membership Dues and Fees	30,000	(712)	29,288	29,288	
Total Support Services - General Administration	906,737	14,012	920,749	873,413	47,336
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,056,271	10,054	2,066,325	2,044,805	21,520
Salaries of Other Professional Staff	185,167		185,167	185,167	
Salaries of Secretarial and Clerical Assistants	790,846	(12,473)	778,373	774,977	3,396
Unused Vacation Payment to Terminated/Retired Staff		1,619	1,619	1,619	
Purchased Professional and Technical Services	500		500		500
Supplies and Materials	22,298	800	23,098	15,863	7,235
Other Objects	2,000		2,000	1,550	450
Total Support Services - School Administration	3,057,082		3,057,082	3,023,981	33,101

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 921,407	\$ 51,864	\$ 973,271	\$ 973,270	\$ 1
Unused Vacation Payment to Terminated/Retired Staff		9,844	9,844	9,843	1
Purchased Professional Services	72,400	155	72,555	66,428	6,127
Purchased Technical Services	134,921	(12,434)	122,487	93,767	28,720
Miscellaneous Purchased Services (400-500 series)	4,650	(3,430)	1,220	1,220	
Supplies and Materials	30,353	(16,390)	13,963	12,411	1,552
Miscellaneous Expenditures	6,600	(1,336)	5,264	5,264	
Total Central Services	1,170,331	28,273	1,198,604	1,162,203	36,401
Administration Information Technology:					
Salaries	326,523	(6,872)	319,651	319,651	
Purchased Professional Services	12,700	19,434	32,134	29,447	2,687
Purchased Technical Services	123,775	19,216	142,991	140,727	2,264
Other Purchased Services (400-500 series)	5,390	(5,000)	390	195	195
Supplies and Materials	12,500	(5,069)	7,431	3,656	3,775
Total Administration Information Technology	480,888	21,709	502,597	493,676	8,921
Required Maintenance for School Facilities:					
Salaries	747,646	(11,233)	736,413	706,771	29,642
Cleaning, Repair and Maintenance Services	409,979	(151,623)	258,356	222,694	35,662
General Supplies	324,346	35,269	359,615	213,747	145,868
Other Objects	4,000	280	4,280	4,280	
Total Required Maintenance for School Facilities	1,485,971	(127,307)	1,358,664	1,147,492	211,172

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 2,576,592	\$ (35,071)	\$ 2,541,521	\$ 2,341,777	\$ 199,744
Salaries of Non-Instructional Aides	511,056	(13,186)	497,870	307,077	190,793
Unused Vacation Payment to Terminated/Retired Staff		1,839	1,839	1,839	
Purchased Professional and Technical Services	191,965	(11,375)	180,590	169,424	11,166
Cleaning, Repair and Maintenance Services	160,187	(24,114)	136,073	124,677	11,396
Other Purchased Property Services	263,050	(2,000)	261,050	138,841	122,209
Insurance	331,402		331,402	322,103	9,299
Miscellaneous Purchased Services	1,500		1,500		1,500
General Supplies	475,091	(103,466)	371,625	346,765	24,860
Energy (Natural Gas)	282,700	23,500	306,200	287,860	18,340
Energy (Electricity)	781,500		781,500	679,885	101,615
Energy (Gasoline)	25,000		25,000	17,874	7,126
Total Custodial Services	5,600,043	(163,873)	5,436,170	4,738,122	698,048
Care and Upkeep of Grounds:					
Salaries	341,605	(2,150)	339,455	297,519	41,936
Unused Vacation Payment to Terminated/Retired Staff		2,150	2,150	2,150	
Purchased Professional and Technical Services		8,100	8,100	8,100	
Cleaning, Repair and Maintenance Services	59,600	42,349	101,949	32,388	69,561
General Supplies	116,089	(17,206)	98,883	39,115	59,768
Total Care and Upkeep of Grounds	517,294	33,243	550,537	379,272	171,265
Security:					
Salaries	175,198		175,198	139,586	35,612
Purchased Professional and Technical Services	376,616	99	376,715	293,109	83,606
Cleaning, Repair and Maintenance Services	40,285	(26,875)	13,410	2,507	10,903
General Supplies	59,924	16,337	76,261	11,086	65,175
Total Security	652,023	(10,439)	641,584	446,288	195,296

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 404,821	\$ (34,000)	\$ 370,821	\$ 350,759	\$ 20,062
Between Home and School - Special	12,000	(11,680)	320	319	1
Other Than Between Home and School - Regular	130,000	(49,833)	80,167	41,394	38,773
Unused Vacation Payment to Terminated/Retired Staff		5,122	5,122	5,122	
Management Fee - ESC & CTSA Transportation Program	80,321	23,932	104,253	95,952	8,301
Other Purchased Professional and Technical Services	10,932		10,932	6,060	4,872
Cleaning, Repair and Maintenance Services	8,000		8,000		8,000
Contracted Services:					
Aid in Lieu Payments:					
Nonpublic Schools	220,000	9,000	229,000	95,006	133,994
Charter Schools	2,000		2,000		2,000
Between Home and School - Vendors	580,180	23,247	603,427	452,277	151,150
Other Than Between Home and School - Vendors	69,200	(17,751)	51,449	20,240	31,209
Special Education Students - Vendors	361,741	(13,747)	347,994	314,629	33,365
Regular Students - ESCs & CTSA	30,036	4,841	34,877	34,429	448
Special Education Students - ESCs & CTSA	2,516,331	295,135	2,811,466	2,436,308	375,158
Miscellaneous Purchased Services	10,000		10,000	7,229	2,771
General Supplies		154	154	154	
Transportation Supplies	66,684	(154)	66,530	33,559	32,971
Other Objects	4,232		4,232	2,968	1,264
Total Student Transportation Services	4,506,478	234,266	4,740,744	3,896,405	844,339
Allocated Benefits:					
Regular Programs - Instruction:					
Tuition Reimbursement	153,000		153,000	137,853	15,147
Total Allocated Benefits - Regular Programs - Instruction	153,000		153,000	137,853	15,147

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Allocated Benefits:					
Improvement of Instruction Services:					
Tuition Reimbursement	\$ 18,000		\$ 18,000	\$ 11,956	\$ 6,044
Total Allocated Benefits - Improvement of Instruction Services	18,000		18,000	11,956	6,044
Support Services - School Administration:					
Tuition Reimbursement	30,000	\$ 2,030	32,030	15,485	16,545
Total Allocated Benefits - Support Services - School Administration	30,000	2,030	32,030	15,485	16,545
Total Allocated Benefits	201,000	2,030	203,030	165,294	37,736
Unallocated Benefits:					
Social Security Contributions	1,000,000	(48,739)	951,261	951,260	1
Other Retirement Contributions - PERS	1,231,920	73,629	1,305,549	1,305,549	
Other Retirement Contributions - Regular	32,000	(5,027)	26,973	21,822	5,151
Unemployment Compensation		50,000	50,000		50,000
Workmen's Compensation	482,063	(94,288)	387,775	387,775	
Health Benefits	16,560,982	(310,393)	16,250,589	16,032,535	218,054
Other Employee Benefits	421,600	(43,393)	378,207	329,391	48,816
Unused Sick Payment to Terminated/Retired Staff	75,000	5,175	80,175	80,175	
Total Unallocated Benefits	19,803,565	(373,036)	19,430,529	19,108,507	322,022

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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				\$ 3,188,998	\$ (3,188,998)
Pension				9,985,997	(9,985,997)
Non-Contributory Insurance				189,997	(189,997)
Long-Term Disability Insurance				6,842	(6,842)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				2,879,547	(2,879,547)
Total On-Behalf and Reimbursed Contributions				16,251,381	(16,251,381)
Total Personal Services - Employee Benefits	\$ 20,004,565	\$ (371,006)	\$ 19,633,559	35,525,182	(15,891,623)
Total Undistributed Expenses	59,686,669	(852,728)	58,833,941	70,154,066	(11,320,125)
TOTAL GENERAL CURRENT EXPENSE	101,272,385	(731,185)	100,541,200	110,154,451	(9,613,251)
CAPITAL OUTLAY					
Equipment:					
School Sponsored and Other Instructional Programs	36,645	79,612	116,257	116,257	
Undistributed Expenditures:					
Instruction	20,000	16,672	36,672	30,822	5,850
Required Maintenance for School Facilities	360,861	540,964	901,825	441,260	460,565
Custodial Services		171,715	171,715	17,991	153,724
Care and Upkeep of Grounds		104,255	104,255		104,255
Security	71,215	62,319	133,534	133,534	
School Buses - Regular		131,710	131,710		131,710
Total Equipment	488,721	1,107,247	1,595,968	739,864	856,104

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 100,528	\$	\$ 100,528	\$ 90,273	\$ 10,255
Construction Services	5,654,915	(2,229,883)	3,425,032	3,181,023	244,009
Lease Purchase Agreements - Principal	650,000		650,000	628,821	21,179
Other Objects (Debt Service Assessment)	165,426		165,426	165,426	
Total Facilities Acquisition and Construction Services	6,570,869	(2,229,883)	4,340,986	4,065,543	275,443
Assets Acquired Under Capital Leases (Non-Budgeted):					
Equipment:					
Undistributed Expenditures:				643,000	(643,000)
Instruction				643,000	(643,000)
Total Assets Acquired Under Capital Leases (Non-Budgeted)					
TOTAL CAPITAL OUTLAY	7,059,590	(1,122,636)	5,936,954	5,448,407	488,547
Transfer of Funds to Charter Schools	30,805	64,471	95,276	95,276	
TOTAL EXPENDITURES	108,362,780	(1,789,350)	106,573,430	115,698,134	(9,124,704)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(9,789,632)	1,319,476	(8,470,156)	1,724,507	10,194,663
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				643,000	643,000
Transfers In/(Out):					
Board Contribution:					
Special Revenue Fund - PreK - Inclusion	(178,833)	(122,877)	(301,710)	(301,710)	
Total Other Financing Sources/(Uses)	(178,833)	(122,877)	(301,710)	341,290	643,000

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
\$ (9,968,465)	\$ 1,196,599	\$ (8,771,866)	\$ 2,065,797	\$ 10,837,663	
18,486,956		18,486,956	18,486,956		
<u>\$ 8,518,491</u>	<u>\$ 1,196,599</u>	<u>\$ 9,715,090</u>	<u>\$ 20,552,753</u>	<u>\$ 10,837,663</u>	

Excess/(Deficiency) of Revenues and Other Financing Sources
Over/(Under) Expenditures and Other Financing Uses

Fund Balance, July 1 (Restated)

Fund Balance, June 30

Recapitulation:

Restricted:

Excess Surplus - Designated for Subsequent Year's Expenditures \$ 1,000,000
Capital Reserve 8,286,838
Maintenance Reserve 1,721,069
Unemployment Compensation 1,174,119
Assigned: 2,360,587
Encumbrances 6,010,140
Unassigned 20,552,753

Reconciliation to Governmental Funds Statement (GAAP):
June State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

(386,064)
\$ 20,166,689

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 306,499	\$ 594,147	\$ 900,646	\$ 544,855	\$ (355,791)
State Sources	841,239	(48,717)	792,522	596,666	(195,856)
Federal Sources	1,262,850	1,801,582	3,064,432	2,445,582	(618,850)
Total Revenues	2,410,588	2,347,012	4,757,600	3,587,103	(1,170,497)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	301,710		301,710	301,710	
Total Revenues and Other Financing Sources	2,712,298	2,347,012	5,059,310	3,888,813	(1,170,497)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	700,566	22,494	723,060	607,101	115,959
Purchased Services		113,375	113,375	2,000	111,375
Other Purchased Services	901,076	396,429	1,297,505	1,295,955	1,550
General Supplies	29,464	326,522	355,986	307,473	48,513
Textbooks	58,000	403	58,403	57,781	622
Other Objects	700	(700)			
Total Instruction	1,689,806	858,523	2,548,329	2,270,310	278,019
Support Services					
Personal Services - Salaries	1,760	31,012	32,772	21,901	10,871
Personal Services - Employee Benefits		43,099	43,099	30,238	12,861
Purchased Professional/Educational Services	840,132	205,742	1,045,874	585,015	460,859
Purchased Professional and Technical Services	161,800	146,089	307,889	307,501	388
Other Purchased Services	18,800	24,090	42,890	19,625	23,265
Supplies and Materials		408,810	408,810	338,228	70,582
Student Activities		629,647	629,647	629,647	
Total Support Services	1,022,492	1,488,489	2,510,981	1,932,155	578,826
Total Expenditures	2,712,298	2,347,012	5,059,310	4,202,465	856,845
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ (313,652)	\$ (313,652)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 117,422,641	\$ 3,587,103
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		(180,807)
Prior Year Encumbrances		2,995
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	373,709	4,950
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(386,064)</u>	<u>(4,950)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 117,410,286</u></u>	<u><u>\$ 3,409,291</u></u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 115,698,134	\$ 4,202,465
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		(180,807)
Prior Year Encumbrances		2,995
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 115,698,134</u></u>	<u><u>\$ 4,024,653</u></u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021 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 except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and 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, 2021

	Elementary and Secondary Education Act			
	Title I	Title IIA	Title III Immigrant	Title IV
REVENUE:				
State Sources				
Federal Sources	\$ 120,270	\$ 51,887	\$ 4,819	\$ 4,000
Local Sources				
Total Revenue	<u>120,270</u>	<u>51,887</u>	<u>4,819</u>	<u>4,000</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	<u>\$ 120,270</u>	<u>\$ 51,887</u>	<u>\$ 4,819</u>	<u>\$ 4,000</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 71,728			
Purchased Services				
Other Purchased Services			\$ 2,685	
General Supplies				
Textbooks				
Total Instruction	<u>71,728</u>		<u>2,685</u>	
Support Services:				
Personal Services - Salaries		\$ 19,767	2,134	
Personal Services - Employee Benefits	30,238			
Purchased Professional/Educational Services	800	16,350		\$ 4,000
Purchased Professional and Technical Services				
Other Purchased Services	14,685	2,300		
Supplies and Materials	2,819	13,470		
Student Activities				
Total Support Services	<u>48,542</u>	<u>51,887</u>	<u>2,134</u>	<u>4,000</u>
Total Expenditures	<u>\$ 120,270</u>	<u>\$ 51,887</u>	<u>\$ 4,819</u>	<u>\$ 4,000</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, 2021

	I.D.E.A. - Part B, Basic		NJ Nonpublic		
	Regular	Preschool	Textbooks	Nursing	Security
REVENUE:					
State Sources			\$ 57,781	\$ 83,861	\$ 133,169
Federal Sources	\$ 1,544,506	\$ 57,830			
Local Sources					
Total Revenue	1,544,506	57,830	57,781	83,861	133,169
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	\$ 1,544,506	\$ 57,830	\$ 57,781	\$ 83,861	\$ 133,169
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					
Purchased Services					
Other Purchased Services	\$ 1,237,005	\$ 57,830			
General Supplies			\$ 57,781		
Textbooks					
Total Instruction	1,237,005	57,830	57,781		
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services				\$ 83,861	\$ 133,169
Purchased Professional and Technical Services	307,501				
Other Purchased Services					
Supplies and Materials					
Student Activities					
Total Support Services	307,501			83,861	133,169
Total Expenditures	\$ 1,544,506	\$ 57,830	\$ 57,781	\$ 83,861	\$ 133,169

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic Auxiliary Services (Chapter 192)		Nonpublic Handicapped Services (Chapter 193)	
	Compensatory Education	Home Instruction	Supplementary Instruction	Examination & Classification
				Corrective Speech
REVENUE:				
State Sources	\$ 32,397	\$ 1,067	\$ 101,175	\$ 115,751
Federal Sources				\$ 21,965
Local Sources				
Total Revenue	<u>32,397</u>	<u>1,067</u>	<u>101,175</u>	<u>21,965</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	<u>\$ 32,397</u>	<u>\$ 1,067</u>	<u>\$ 101,175</u>	<u>\$ 21,965</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				
Purchased Services				
Other Purchased Services				
General Supplies				
Textbooks				
Total Instruction				
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits				
Purchased Professional/Educational Services	\$ 32,397	\$ 1,067	\$ 101,175	\$ 115,751
Purchased Professional and Technical Services				
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	<u>32,397</u>	<u>1,067</u>	<u>101,175</u>	<u>21,965</u>
Total Expenditures	<u>\$ 32,397</u>	<u>\$ 1,067</u>	<u>\$ 101,175</u>	<u>\$ 21,965</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, 2021

	COVID-19			
	CARES Emergency Relief Passed-through Union County	State of NJ	Union County	Digital Divide Passed-through State of NJ
REVENUE:				
State Sources	\$ 49,500			
Federal Sources	\$ 273,650	\$ 111,522	\$ 41,259	\$ 71,480
Local Sources	188,545			
Total Revenue	238,045	111,522	41,259	71,480
Other Financing Sources:				
Transfer In - Board Contribution - General Fund	301,710			
Total Revenue and Other Financing Sources	\$ 539,755	\$ 111,522	\$ 41,259	\$ 71,480
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	\$ 532,040			
Purchased Services				
Other Purchased Services	200			
General Supplies	7,515	\$ 3,261	\$ 41,259	\$ 71,480
Textbooks				
Total Instruction	539,755	3,261	41,259	71,480
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits				
Purchased Professional/Educational Services				
Purchased Professional and Technical Services				
Other Purchased Services		1,140		
Supplies and Materials		107,121		
Student Activities				
Total Support Services	168,754	108,261		
Total Expenditures	\$ 539,755	\$ 111,522	\$ 41,259	\$ 71,480

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	COVID-19 Coronavirus Relief Fund	Local Sources	Student Activities	Totals June 30, 2021
REVENUE:				
State Sources				\$ 596,666
Federal Sources	\$ 164,359			2,445,582
Local Sources		\$ 40,315	\$ 315,995	544,855
Total Revenue	164,359	40,315	315,995	3,587,103
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				301,710
Total Revenue and Other Financing Sources	\$ 164,359	\$ 40,315	\$ 315,995	\$ 3,888,813
EXPENDITURES:				
Instruction:				
Personal Services - Salaries		\$ 3,333		\$ 607,101
Purchased Services		2,000		2,000
Other Purchased Services		920		1,295,955
General Supplies	\$ 43,815	32,562		307,473
Textbooks				57,781
Total Instruction	43,815	38,815		2,270,310
Support Services:				
Personal Services - Salaries				21,901
Personal Services - Employee Benefits				30,238
Purchased Professional/Educational Services	74,480			585,015
Purchased Professional and Technical Services				307,501
Other Purchased Services		1,500		19,625
Supplies and Materials	46,064			338,228
Student Activities			\$ 629,647	629,647
Total Support Services	120,544	1,500	629,647	1,932,155
Total Expenditures	\$ 164,359	\$ 40,315	\$ 629,647	\$ 4,202,465

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 532,040	\$ 532,040	
Other Purchased Services	200	200	
General Supplies	7,515	7,515	
Total Instruction	<u>539,755</u>	<u>539,755</u>	
Total Expenditures	<u>\$ 539,755</u>	<u>\$ 539,755</u>	<u>\$ - 0 -</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2020-2021 Preschool Education Aid Allocation	\$ 49,500
Add: Actual Preschool Education Carryover (June 30, 2020)	-0-
Add: Budgeted Transfer from the General Fund 2020-2021	301,710
Add: Budgeted Tuition 2020-2021	188,545
Total Preschool Education Aid Funds Available for 2020-2021 Budget	<u>539,755</u>
Less: 2020-2021 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(539,755)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	<u>- 0 -</u>
Add: June 30, 2021 Unexpended Preschool Education Aid	- 0 -
Less: 2020-2021 Commissioner-approved Transfer to the General Fund	<u>- 0 -</u>
2020-2021 Carryover - Preschool Education Aid	<u>\$ - 0 -</u>
2020-2021 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2021-2022	<u>\$ - 0 -</u>

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	Summer Community Education Program	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 368,923	\$ 113,941	\$ 482,864
Accounts Receivable:			
Other Governments - Federal	34,746		34,746
Inventories	25,397		25,397
Total Current Assets	429,066	113,941	543,007
Non-Current Assets:			
Capital Assets	1,179,173		1,179,173
Less: Accumulated Depreciation	(357,766)		(357,766)
Total Non-Current Assets	821,407		821,407
Total Assets	1,250,473	113,941	1,364,414
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	34,879		34,879
Unearned Revenue - Prepaid Sales	105,126		105,126
Total Current Liabilities	140,005		140,005
Total Liabilities	140,005		140,005
<u>NET POSITION:</u>			
Investment in Capital Assets	821,407		821,407
Unrestricted	289,061	113,941	403,002
Total Net Position	\$ 1,110,468	\$ 113,941	\$ 1,224,409

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, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	Summer Community Education Program	
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Non-Reimbursable Programs	\$ 5,069		\$ 5,069
Program Fees		\$ 26,797	26,797
Total Operating Revenue	5,069	26,797	31,866
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	74,995		74,995
Non-Reimbursable Programs	3,956		3,956
Total Cost of Sales	78,951		78,951
Salaries	93,019		93,019
Payroll Taxes	9,793		9,793
Employee Benefits	11,332		11,332
Purchased Property Services	18,830		18,830
Management Fee	54,180		54,180
Insurance	15,711		15,711
Supplies and Materials	33,898		33,898
Depreciation Expense	63,337		63,337
Total Operating Expenses	379,051		379,051
Operating Income/(Loss)	(373,982)	26,797	(347,185)
Non-Operating Revenue:			
Federal Sources:			
Summer Food Service Program:			
School Breakfast	57,503		57,503
School Lunch	143,578		143,578
Local Sources - Interest Revenue	887	175	1,062
Total Non-Operating Revenue	201,968	175	202,143
Change in Net Position	(172,014)	26,972	(145,042)
Net Position - Beginning of Year	1,282,482	86,969	1,369,451
Net Position - End of Year	\$ 1,110,468	\$ 113,941	\$ 1,224,409

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 1,941	\$ 26,797	\$ 28,738
Payments to Employees	(27,680)		(27,680)
Payments to Food Service Vendor	(233,942)		(233,942)
Payments to Suppliers	(140,064)		(140,064)
Net Cash Provided by/(Used for) Operating Activities	(399,745)	26,797	(372,948)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(99,858)		(99,858)
Net Cash Used for Capital Financing Activities	(99,858)		(99,858)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	166,335		166,335
Net Cash Provided by Noncapital Financing Activities	166,335		166,335
Cash Flows from Investing Activities:			
Interest Revenue	887	175	1,062
Net Cash Provided by Investing Activities	887	175	1,062
Net Increase/(Decrease) in Cash and Cash Equivalents	(332,381)	26,972	(305,409)
Cash and Cash Equivalents, July 1	701,304	86,969	788,273
Cash and Cash Equivalents, June 30	\$ 368,923	\$ 113,941	\$ 482,864
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (373,982)	\$ 26,797	\$ (347,185)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	63,337		63,337
Changes in Assets and Liabilities:			
Decrease in Inventory	3,147		3,147
(Decrease) in Accounts Payable	(89,119)		(89,119)
(Decrease) in Unearned Revenue	(3,128)		(3,128)
Net Cash Provided by/(Used for) Operating Activities	\$ (399,745)	\$ 26,797	\$ (372,948)

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

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		Interest Rate	Balance July 1, 2020	Retired/Matured	Balance June 30, 2021
			Date	Amount				
School Refunding Bonds	02/11/10	\$ 12,180,000	07/15/21	\$ 1,165,000	5.000%	\$ 3,075,000	\$ 1,170,000	\$ 1,905,000
			07/15/22	740,000	5.000%			
						<u>\$ 3,075,000</u>	<u>\$ 1,170,000</u>	<u>\$ 1,905,000</u>

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

Item	Interest Rate	Original Issue	Balance July 1, 2020	Issued	Retired/ Matured	Balance June 30, 2021
Technology Equipment	1.785%	\$ 635,000	\$ 157,824		\$ 157,824	
Technology Equipment	3.035%	608,000	306,188		150,806	\$ 155,382
Technology Equipment	1.993%	625,000	464,095		151,656	312,439
Technology Equipment	1.255%	643,000		\$ 643,000	167,686	475,314
			<u>\$ 928,107</u>	<u>\$ 643,000</u>	<u>\$ 627,972</u>	<u>\$ 943,135</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,294,500		\$ 1,294,500	\$ 1,294,500	
Total Revenues	1,294,500		1,294,500	1,294,500	
EXPENDITURES:					
Regular Debt Service:					
Interest	124,500		124,500	124,500	
Redemption of Principal	1,170,000		1,170,000	1,170,000	
Total Regular Debt Service	1,294,500		1,294,500	1,294,500	
Total Expenditures	1,294,500		1,294,500	1,294,500	
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

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 15,587,946	\$ 17,122,257	\$ 19,820,524	\$ 24,000,346	\$ 30,497,258
Restricted	9,477,280	10,688,069	10,432,126	13,091,638	12,917,942
Unrestricted/(Deficit)	1,234,782	474,462	(19,093,088)	(18,154,637)	(18,910,330)
Total Governmental Activities Net Position	<u>\$ 26,300,008</u>	<u>\$ 28,284,788</u>	<u>\$ 11,159,562</u>	<u>\$ 18,937,347</u>	<u>\$ 24,504,870</u>
Business-type Activities:					
Investment in Capital Assets	\$ 155,084	\$ 132,144	\$ 198,375	\$ 340,838	\$ 418,966
Unrestricted	515,259	564,173	574,136	489,676	544,553
Total Business-Type Activities Net Position	<u>\$ 670,343</u>	<u>\$ 696,317</u>	<u>\$ 772,511</u>	<u>\$ 830,514</u>	<u>\$ 963,519</u>
District-wide:					
Net Investment in Capital Assets	\$ 15,743,030	\$ 17,254,401	\$ 20,018,899	\$ 24,341,184	\$ 30,916,224
Restricted	9,477,280	10,688,069	10,432,126	13,091,638	12,917,942
Unrestricted/(Deficit)	1,750,041	1,038,635	(18,518,952)	(17,664,961)	(18,365,777)
Total District Net Position	<u>\$ 26,970,351</u>	<u>\$ 28,981,105</u>	<u>\$ 11,932,073</u>	<u>\$ 19,767,861</u>	<u>\$ 25,468,389</u>
	June 30,				
	2017	2018	2019	2020 (Restated)	2021
Governmental Activities:					
Net Investment in Capital Assets	\$ 37,610,963	\$ 40,674,193	\$ 45,813,783	\$ 49,759,293	\$ 51,667,121
Restricted	10,940,585	9,401,649	9,340,861	8,543,034	12,352,791
Unrestricted (Deficit)	(35,222,857)	(34,311,274)	(36,904,217)	(36,499,268)	(38,193,743)
Total Governmental Activities Net Position	<u>\$ 13,328,691</u>	<u>\$ 15,764,568</u>	<u>\$ 18,250,427</u>	<u>\$ 21,803,059</u>	<u>\$ 25,826,169</u>
Business-type Activities:					
Investment in Capital Assets	\$ 476,491	\$ 495,352	\$ 639,126	\$ 877,904	\$ 821,407
Unrestricted	671,249	841,859	850,210	491,547	403,002
Total Business-Type Activities Net Position	<u>\$ 1,147,740</u>	<u>\$ 1,337,211</u>	<u>\$ 1,489,336</u>	<u>\$ 1,369,451</u>	<u>\$ 1,224,409</u>
District-wide:					
Net Investment in Capital Assets	\$ 38,087,454	\$ 41,169,545	\$ 46,452,909	\$ 50,637,197	\$ 52,488,528
Restricted	10,940,585	9,401,649	9,340,861	8,543,034	12,352,791
Unrestricted/(Deficit)	(34,551,608)	(33,469,415)	(36,054,007)	(36,007,721)	(37,790,741)
Total District Net Position	<u>\$ 14,476,431</u>	<u>\$ 17,101,779</u>	<u>\$ 19,739,763</u>	<u>\$ 23,172,510</u>	<u>\$ 27,050,578</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 35,282,492	\$ 37,140,797	\$ 35,478,201	\$ 40,521,714	\$ 43,692,898	\$ 49,923,482	\$ 52,747,279	\$ 49,868,459	\$ 48,783,904	\$ 51,761,366
Special Education	8,584,624	8,938,963	8,694,618	9,859,045	10,934,944	12,500,181	14,513,061	14,167,892	14,412,459	14,674,647
Other Special Instruction	999,260	1,050,855	1,192,944	1,376,937	1,563,583	1,770,756	1,967,139	1,799,646	1,841,204	1,974,747
Other Instruction	1,546,737	1,628,973	1,696,535	1,902,654	2,000,304	2,248,680	2,508,663	2,346,662	2,375,191	2,378,762
Support Services:										
Tuition	6,423,166	6,858,331	6,678,878	5,611,000	5,831,628	6,965,262	7,148,759	6,984,723	7,799,897	7,742,976
Student & Instruction Related Services	10,533,909	11,473,965	11,588,432	13,724,324	15,474,770	17,352,966	18,579,305	18,207,270	17,203,405	18,662,194
General Administrative Services	1,016,294	977,288	956,102	995,246	997,976	1,086,903	1,203,243	1,433,354	1,073,592	1,141,228
School Administrative Services	3,900,767	3,999,547	3,958,554	4,416,941	4,738,566	5,286,367	5,673,581	5,382,820	5,219,933	5,362,023
Central Services	1,096,883	1,233,652	1,304,897	1,419,966	1,554,422	1,711,539	1,803,640	1,737,018	1,755,610	1,827,695
Administrative Information Technology	395,203	534,482	452,867	530,507	562,430	582,113	648,683	582,295	725,422	760,411
Plant Operations and Maintenance	8,806,384	8,568,519	9,878,576	11,168,268	12,109,564	12,488,899	11,528,538	11,498,861	12,660,730	11,348,794
Pupil Transportation	2,773,873	3,202,465	3,201,989	3,250,503	3,357,758	3,648,484	3,503,244	3,702,192	3,667,558	4,314,930
Charter Schools		12,452		29,914	13,382	15,619	15,619	36,433	29,893	95,276
Interest on Long-term Debt	568,395	508,890	434,941	385,708	350,352	319,387	240,213	223,271	175,984	96,542
Unallocated Depreciation	1,135,544	1,200,658	995,807	1,022,329	1,099,731	1,172,750	1,415,613	1,470,694	1,351,697	1,661,587
Total Governmental Activities Expenses	83,063,531	87,329,837	86,513,341	96,215,056	104,282,308	117,073,388	123,496,580	119,441,590	119,076,479	123,803,178
Business-Type Activities:										
Food Service	1,539,363	1,408,969	1,469,874	1,426,093	1,531,493	1,641,624	1,695,605	1,761,173	1,372,529	379,051
Summer Community Education Program	52,188	63,149	52,971	48,441	49,793	52,930	54,022	53,949	56,182	
Total Business-Type Activities Expenses	1,591,551	1,472,118	1,522,845	1,474,534	1,581,286	1,694,554	1,749,627	1,815,122	1,428,711	379,051
Total District-Wide Expenses	84,655,082	88,801,955	88,036,186	97,689,590	105,863,594	118,767,942	125,246,207	121,256,712	120,505,190	124,182,229
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	299,174	343,687	274,795	224,410	214,459	296,911	340,855	329,565	299,372	188,545
Student & Instruction Related Services			106,293	3,493						315,995
Pupil Transportation				14,125	26,781	29,687	29,188	33,063	20,312	625
Operating Grants and Contributions	10,960,053	12,791,667	12,262,293	21,162,898	24,893,790	31,671,333	36,729,234	29,987,004	27,573,466	31,921,378
Capital Grants and Contributions				819,288	584,459	136				475,926
Total Governmental Activities Program Revenues	11,259,227	13,135,354	12,643,381	22,224,214	25,719,489	31,998,067	37,099,277	30,349,632	27,893,150	32,902,469

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 1,200,996	\$ 1,171,896	\$ 1,264,950	\$ 1,201,116	\$ 1,356,111	\$ 1,497,477	\$ 1,607,623	\$ 1,896,444	\$ 1,297,496	\$ 5,069
Summer Community Education Program	70,216	66,470	59,215	42,858	59,352	51,717	55,562	65,295	1,965	26,797
Operating Grants and Contributions	287,189	276,272	274,297	288,009	303,524	330,762	348,875			201,081
Total Business-Type Activities Revenues	1,558,401	1,514,638	1,598,462	1,531,983	1,718,987	1,879,956	2,012,060	1,961,739	1,299,461	232,947
Total District-wide Program Revenues	12,817,628	14,649,992	14,241,843	23,756,197	27,438,476	33,878,023	39,111,337	32,311,371	29,192,611	33,135,416
Net (Expense)/Revenue:										
Governmental Activities	(71,804,304)	(74,194,483)	(73,869,960)	(73,990,842)	(78,562,819)	(85,075,321)	(86,397,303)	(89,091,958)	(91,183,329)	(90,900,709)
Business-Type Activities	(33,150)	42,520	75,617	57,449	137,701	185,402	262,433	146,617	(129,250)	(146,104)
Total District-wide Net (Expense)/Revenue	(71,837,454)	(74,151,963)	(73,794,343)	(73,933,393)	(78,425,118)	(84,889,919)	(86,134,870)	(88,945,341)	(91,312,579)	(91,046,813)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	73,596,374	74,816,890	76,313,228	79,539,492	81,930,358	84,222,883	86,626,357	89,409,067	91,197,248	93,021,192
Taxes Levied for Debt Service	1,806,964	1,601,640	1,678,758	1,639,850	1,581,675	1,527,125	1,467,050	1,409,450	1,352,250	1,294,500
Unrestricted Grants and Contributions	25,731	117,930	126,928	234,511	211,565	295,334	295,940	144,503	143,520	159,615
Investment Earnings	2,036	17,010	21,155	23,388	37,390	63,501	173,547	258,470	225,622	42,819
Miscellaneous Income	148,776	299,192	142,137	331,386	369,354	277,219	270,286	356,327	255,807	405,693
Total Governmental Activities General Revenues and Other Changes in Net Position	75,579,881	76,852,662	78,282,206	81,768,627	84,130,342	86,386,062	88,833,180	91,577,817	93,174,447	94,923,819
Business-type Activities:										
Investment Earnings	729	557	577	554	840	1,953	6,329	10,848	9,365	1,062
Disposal of Capital Assets, Net				(5,536)	(3,134)	(3,134)	(79,291)	(5,340)		
Total Business-type Activities General Revenues and Other Changes in Net Position	729	557	577	554	(4,696)	(1,181)	(72,962)	5,508	9,365	1,062
Total District-wide General Revenues and Other Changes in Net Position	75,580,610	76,853,219	78,282,783	81,769,181	84,125,646	86,384,881	88,760,218	91,583,325	93,183,812	94,924,881
Change in Net Position:										
Governmental Activities	3,775,577	2,658,179	4,412,246	7,777,785	5,567,523	1,310,741	2,435,877	2,485,859	1,991,118	4,023,110
Business-Type Activities	(32,421)	43,077	76,194	58,003	133,005	184,221	189,471	152,125	(119,885)	(145,042)
Total District-Wide Change in Net Position	\$ 3,743,156	\$ 2,701,256	\$ 4,488,440	\$ 7,835,788	\$ 5,700,528	\$ 1,494,962	\$ 2,625,348	\$ 2,637,984	\$ 1,871,233	\$ 3,878,068

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 75,403,338	\$ 76,418,530	\$ 77,991,986	\$ 81,179,342	\$ 83,512,033	\$ 85,750,008	\$ 88,093,407	\$ 90,518,517	\$ 92,549,498	\$ 94,315,692
Tuition Charges	299,174	343,687	106,293	3,493						
Interest Earnings				23,388	37,390	63,501	173,547	258,470	225,622	42,819
Miscellaneous	129,920	316,202	163,292	345,511	396,135	306,906	299,474	389,390	276,119	406,318
Local Sources	135,195	126,137	438,815	357,105	393,816	472,171	562,571	505,057	397,492	543,480
State Sources	9,035,294	11,147,621	10,633,656	12,511,793	13,769,750	14,366,636	16,321,306	18,597,769	20,365,283	24,935,525
Federal Sources	1,815,295	1,635,839	1,591,545	1,624,524	1,593,353	1,603,779	1,641,893	1,503,112	1,505,935	2,346,169
Total Revenues	86,818,216	89,988,016	90,925,587	96,045,156	99,702,477	102,563,001	107,092,198	111,772,315	115,319,949	122,590,003
Expenditures:										
Instruction:										
Regular Instruction	24,885,065	25,633,345	25,114,750	25,324,748	26,079,959	27,017,506	27,493,247	27,923,963	28,318,737	30,748,479
Special Education Instruction	6,401,389	6,422,060	6,391,483	6,436,136	6,804,505	7,125,217	7,966,452	8,374,811	8,775,971	8,877,577
Other Special Instruction	709,762	713,997	835,441	849,986	911,160	936,319	985,841	1,009,327	1,048,407	1,159,975
School Sponsored/Other Instruction	1,185,244	1,197,075	1,274,445	1,276,284	1,290,430	1,323,044	1,423,243	1,437,316	1,504,907	1,486,284
Support Services:										
Tuition	6,423,166	6,858,331	6,678,878	5,611,000	5,831,628	6,965,262	7,148,759	6,984,723	7,799,897	7,742,976
Student & Instruction Related Services	7,996,473	8,679,878	8,910,310	9,623,560	10,510,946	10,849,232	11,205,316	11,655,602	11,232,093	12,477,779
General Administrative Services	802,193	731,459	763,133	774,347	768,763	762,455	809,412	944,062	925,874	873,413
School Administrative Services	2,757,311	2,790,612	2,760,922	2,754,550	2,766,264	2,805,046	2,894,948	2,919,438	2,946,198	3,023,981
Central Services	829,361	883,667	963,399	926,432	955,902	984,219	1,004,188	1,036,225	1,082,260	1,162,203
Administrative Information Technology	310,974	409,114	364,808	408,248	392,072	386,475	443,510	378,486	463,254	493,676
Plant Operations and Maintenance	6,095,898	6,622,257	7,172,308	7,592,586	7,129,027	7,618,734	7,260,037	7,846,561	8,250,307	6,711,174
Pupil Transportation	2,567,372	2,989,107	3,008,732	2,975,172	3,057,735	3,279,991	3,061,385	3,299,205	3,280,694	3,896,405
Allocated Benefits			1,004,782	1,096,682	1,173,506	1,241,365	156,776	165,812	170,878	165,294
Unallocated Benefits	18,912,364	20,420,837	18,728,487	19,901,132	22,002,712	24,098,981	27,832,447	31,596,142	32,990,258	35,359,888
Charter Schools		12,452		29,914	13,382	15,619	15,619	36,433	29,893	95,276
Capital Outlay	1,837,971	3,308,215	3,892,310	4,852,717	8,964,239	8,952,974	5,247,969	7,188,102	6,975,957	5,448,407
Debt Service:										
Principal	1,255,850	1,250,850	1,250,000	1,240,000	1,225,000	1,210,000	1,195,000	1,185,000	1,175,000	1,170,000
Interest and Other Charges	551,114	499,082	449,650	399,850	356,675	317,125	272,050	224,450	177,250	124,500
Total Expenditures	83,521,507	89,422,338	89,563,838	92,073,344	100,233,905	105,889,564	106,416,199	114,205,658	117,147,835	121,017,287

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,296,709	\$ 565,678	\$ 1,361,749	\$ 3,971,812	\$ (531,428)	\$ (3,326,563)	\$ 675,999	\$ (2,433,343)	\$ (1,827,886)	\$ 1,572,716
Other Financing Sources (Uses):										
Capital Leases (non-budgeted)	640,000	800,000	550,000	570,000	647,000	675,000	635,000	608,000	625,000	643,000
Unexpended Balance of School Refunding Bonds Issuance Costs	20,892									
Transfers In			2,960,714	2,024,194	5,701,219	575,954	337,811	97,962	195,582	301,710
Transfers Out			(2,960,714)	(2,024,194)	(5,701,219)	(575,954)	(337,811)	(97,962)	(195,582)	(301,710)
Total Other Financing Sources (Uses)	660,892	800,000	550,000	570,000	647,000	675,000	635,000	608,000	625,000	643,000
Net Change in Fund Balances	\$ 3,957,601	\$ 1,365,678	\$ 1,911,749	\$ 4,541,812	\$ 115,572	\$ (2,651,563)	\$ 1,310,999	\$ (1,825,343)	\$ (1,202,886)	\$ 2,215,716

Debt Service as a Percentage of Noncapital Expenditures	2.2%	2.0%	2.0%	1.9%	1.7%	1.6%	1.4%	1.3%	1.2%	1.1%
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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	Transportation Fees from Individuals	Other	Total
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
2020	225,622			20,312	255,807	501,741
2021	42,819			625	405,693	449,137

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)
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
2019	1,831,400	212,059,100	-	-	13,927,400	2,031,500	-	229,849,400	87,603	229,937,003	9,808,300	8.960	1,252,104,759
2020 *	10,426,300	1,152,292,000	-	-	80,616,400	11,746,700	-	1,255,081,400	487,844	1,255,569,244	56,951,000	1.659	1,260,835,900

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)
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
2019	10,537,100	900,957,900	482,000	5,700	52,814,100	6,131,600	25,561,800	996,490,200	775,349	997,265,549	220,513,300	7.153	4,368,971,348
2020	11,572,700	906,297,600	482,000	5,700	50,972,900	6,131,600	25,561,800	1,001,024,300	776,336	1,001,800,636	221,038,600	7.268	4,462,973,478

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.

* - Property revaluation became effective in this year.

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			
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
2019	8.8291	0.1309	8.960	2.858	2.832	14.650
2020 *	1.6362	0.0228	1.659	0.532	0.506	2.697

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			
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
2019	7.0458	0.1072	7.153	1.701	2.275	11.129
2020	7.1651	0.1029	7.268	1.703	2.241	11.212

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.

* - Property revaluation became effective in this year.

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	2020 *			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
HCRI NY-NJ Properties	\$ 14,076,500	1	1.12%			
Fanwood Crossing II, Urban Renewal	7,096,500	2	0.57%			
Partners Profit Fanwood Group LLC	5,911,800	3	0.47%	\$ 943,500	2	0.41%
250 South Avenue, Urban Renewal	5,561,500	4	0.44%	860,000	3	0.38%
Fanwood Plaza Partners I	3,939,200	5	0.31%	827,000	4	0.36%
Fanwood Plaza Partners II	3,527,000	6	0.28%	669,200	5	0.29%
Fanwood Crossing III, Urban Renewal	3,447,700	7	0.27%			
222 South Avenue LLC	3,177,400	8	0.25%	523,600	8	0.23%
Enchantment Properties LLC	2,859,000	9	0.23%	500,000	9	0.22%
Celtic Capital	3,399,200	10	0.27%	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%
Total	\$ 52,995,800		4.21%	\$ 8,421,400		3.68%

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2020			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Lamberts Mill Village Associates LLC	\$ 8,400,000	1	0.84%	\$ 8,400,000	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	5	0.29%
Snuffy Pantagis Enterprises	2,696,400	4	0.27%	4,496,000	3	0.45%
Automatic Associates	1,900,000	5	0.19%	1,900,000	6	0.19%
Dornbusch	1,750,000	6	0.17%	1,750,000	7	0.18%
NJ Golf Partners LLC	1,687,500	7	0.17%			
GH Terrill Land LLC	1,600,000	8	0.16%			
Ashbrook Realty LLC	1,400,000	9	0.14%			
Scotch Plains Gardens	1,200,000	10	0.12%	1,200,000	9	0.12%
Shackamaxon Country Club				3,168,000	4	0.32%
VS Realty LLC				1,243,200	8	0.13%
Greenbrook Plaza				1,146,400	10	0.12%
Total	\$ 31,033,900		3.10%	\$ 33,703,600		3.40%

* - Property revaluation became effective in this year.

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	
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-
2020	20,601,717	20,601,717	100.00%	-0-
2021	20,834,090	20,834,090	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	
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-
2020	71,947,781	71,947,781	100.00%	-0-
2021	73,481,602	73,481,602	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			Bond		Business-Type Activities		Percentage of Personal Income ^a	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Total District	Income ^a	Per Capita ^a	
2012	\$ 12,805,850	\$ -0-	\$ 889,460	\$ -0-	\$ -0-	\$ 13,695,310	0.83%	\$ 439.90	
2013	11,555,000	-0-	1,048,686	-0-	-0-	12,603,686	0.73%	403.23	
2014	10,305,000	-0-	968,545	-0-	-0-	11,273,545	0.64%	358.79	
2015	9,065,000	-0-	903,171	-0-	-0-	9,968,171	0.53%	317.01	
2016	7,840,000	-0-	912,224	-0-	-0-	8,752,224	0.45%	276.97	
2017	6,630,000	-0-	950,375	-0-	-0-	7,580,375	0.38%	238.62	
2018	5,435,000	-0-	953,200	-0-	-0-	6,388,200	0.31%	199.88	
2019	4,250,000	-0-	929,245	-0-	-0-	5,179,245	0.24%	161.69	
2020	3,075,000	-0-	928,107	-0-	-0-	4,003,107	0.18%	125.11	
2021	1,905,000	-0-	943,135	-0-	-0-	2,848,135	0.13%	89.40	

^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		
2012	\$ 12,805,850	\$ -0-	\$12,805,850	1.048%	\$ 411.33
2013	11,555,000	-0-	11,555,000	0.948%	369.68
2014	10,305,000	-0-	10,305,000	0.846%	327.97
2015	9,065,000	-0-	9,065,000	0.745%	288.29
2016	7,840,000	-0-	7,840,000	0.644%	248.10
2017	6,630,000	-0-	6,630,000	0.543%	208.71
2018	5,435,000	-0-	5,435,000	0.445%	170.06
2019	4,250,000	-0-	4,250,000	0.347%	132.68
2020	3,075,000	-0-	3,075,000	0.251%	96.10
2021	1,905,000	-0-	1,905,000	0.084%	59.79

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, 2020
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Fanwood	\$ 22,493,748	100.00%	\$ 22,493,748
Township of Scotch Plains	21,476,287	100.00%	21,476,287
Union County General Obligation Debt (all constituent municipalities)	551,314,136	7.61%	<u>41,933,797</u>
Subtotal, Overlapping Debt			85,903,832
Scotch Plains-Fanwood Regional School District Direct Debt			<u>1,905,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 87,808,832</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				
	2012	2013	2014	2015	2016
Debt Limit	\$ 208,608,930	\$ 202,949,839	\$ 200,407,407	\$ 199,304,824	\$ 201,786,674
Total Net Debt Applicable to Limit	12,805,850	11,555,000	10,305,000	9,065,000	7,840,000
Legal Debt Margin	<u>\$ 195,803,080</u>	<u>\$ 191,394,839</u>	<u>\$ 190,102,407</u>	<u>\$ 190,239,824</u>	<u>\$ 193,946,674</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.14%	5.69%	5.14%	4.55%	3.89%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 205,930,135	\$ 211,806,294	\$ 218,025,314	\$ 223,906,178	\$ 226,990,714
Total Net Debt Applicable to Limit	6,630,000	5,435,000	4,250,000	3,075,000	1,905,000
Legal Debt Margin	<u>\$ 199,300,135</u>	<u>\$ 206,371,294</u>	<u>\$ 213,775,314</u>	<u>\$ 220,831,178</u>	<u>\$ 220,831,178</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.22%	2.57%	1.95%	1.37%	0.84%

Legal Debt Margin Calculation for Fiscal Year 2021

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
2018	\$ 1,247,901,523	\$ 4,357,588,879	\$ 5,605,490,402
2019	1,258,070,060	4,436,732,858	5,694,802,918
2020	1,294,699,195	4,429,311,062	5,724,010,257
	<u>\$ 3,800,670,778</u>	<u>\$ 13,223,632,799</u>	<u>\$ 17,024,303,577</u>
	Average Equalized Valuation of Taxable Property		<u>\$ 5,674,767,859</u>
	Debt Limit (4% of Average Equalization Value) ^a		\$ 226,990,714
	Net Bonded School Debt		1,905,000
	Legal Debt Margin		<u>\$ 225,085,714</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
2011	7,347	\$ 53,136	\$ 390,390,192	6.1%
2012	7,370	55,167	406,580,790	6.1%
2013	7,415	56,150	416,352,250	6.5%
2014	7,427	59,259	440,116,593	4.3%
2015	7,560	61,345	463,768,200	3.6%
2016	7,654	62,697	479,882,838	3.6%
2017	7,675	65,130	499,872,750	3.4%
2018	7,686	68,313	525,053,718	2.9%
2019	7,702	70,865	545,802,230	2.6%
2020	7,722	70,865 *	547,219,530	6.4%

TOWNSHIP OF SCOTCH PLAINS

Year	Population ^a	Union County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2011	23,786	\$ 53,136	\$ 1,263,892,896	5.7%
2012	23,887	55,167	1,317,774,129	5.7%
2013	24,006	56,150	1,347,936,900	5.3%
2014	24,017	59,259	1,423,223,403	4.8%
2015	24,040	61,345	1,474,733,800	4.1%
2016	24,113	62,697	1,511,812,761	3.6%
2017	24,285	65,130	1,581,682,050	3.2%
2018	24,346	68,313	1,663,148,298	3.0%
2019	24,295	70,865	1,721,665,175	2.4%
2020	24,138	70,865 *	1,710,539,370	7.1%

* - Latest Union County per capita personal income data available (2019) 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Function/Program</u>										
Instruction:										
Regular	363	369	376	376	369	375	382	385	385	388
Special Education	64	64	66	67	71	75	76	75	77	76
Support Services:										
Student & Instruction Related Services	154	161	162	164	188	203	213	219	225	236
General Administrative Services	3	3	3	3	3	3	3	3	3	3
School Administrative Services	32	32	32	32	31	31	31	31	31	31
Plant Operations and Maintenance	65	65	66	66	66	66	66	66	67	67
Pupil Transportation	7	7	7	7	7	7	7	7	8	8
Business and Other Support Services	14	16	15	16	16	15	15	16	16	16
Food Service	2	2	2	2	2	2	2	1	1	1
Total	704	719	729	733	753	777	795	803	813	826

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

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

Fiscal Year	Fiscal 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				
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%
2020	5,626	108,819,628	19,342	3.26%	462	13:1	10:1	13:1	5,521	5,363	0.04%	97.14%
2021	5,437	114,274,380	21,018	8.66%	464	11.1	11.1	13:1	5,314	5,126	-3.75%	96.46%

- 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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	410	426	417	399	422	394	379	411	413	370
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	517	500	496	456	474	516	540	549	536	490
Evergreen (1951)										
Square Feet	36,958	36,958	36,958	36,958	36,958	44,258	44,258	44,258	44,258	44,258
Capacity (students)	339	339	339	339	339	464	464	464	464	464
Enrollment	418	402	386	405	388	407	395	398	399	387
William J. McGinn (1973)										
Square Feet	47,182	47,182	47,182	47,182	47,182	51,132	51,132	51,132	51,132	51,132
Capacity (students)	389	389	389	389	389	451	451	451	451	451
Enrollment	485	485	481	482	494	496	513	512	511	462
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	379	376	380	396	392	397	387	392	381	346
<u>Middle Schools</u>										
Park (1922)										
Square Feet	117,633	117,633	117,633	117,633	117,633	117,633	117,633	117,633	117,633	117,633
Capacity (students)	895	895	895	895	895	895	895	895	895	895
Enrollment	927	932	937	932	913	915	905	909	940	918
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	865	841	825	827	835	830	831	811	827	837

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

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	1,505	1,537	1,560	1,573	1,569	1,534	1,557	1,574	1,538	1,483
<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, 2021:

- 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,									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Howard B. Brunner Elementary	N/A	\$ 68,977	\$ 79,216	\$ 179,825	\$ 162,404	\$ 88,222	\$ 96,744	\$ 180,597	\$ 85,894	\$ 103,872	\$ 64,095
J. Ackerman Coles Elementary	N/A	69,345	79,120	103,788	159,913	119,766	250,048	270,083	97,290	205,771	97,172
Evergreen Elementary	N/A	59,113	58,742	108,119	62,731	70,660	232,877	97,639	220,942	126,601	100,979
William J. McGinn Elementary	N/A	64,343	74,028	152,349	156,632	133,765	211,164	101,092	78,598	246,111	81,924
School One Elementary	N/A	60,451	69,976	91,344	296,505	140,961	123,750	68,769	99,688	88,240	77,930
Park Middle	N/A	175,088	193,468	342,075	417,937	250,521	290,992	393,620	267,659	866,825	170,088
Terrill Middle	N/A	137,747	163,245	227,646	535,643	694,554	389,969	364,371	166,641	417,892	159,727
Scotch Plains-Fanwood High	N/A	454,850	963,583	699,144	498,380	525,359	733,975	449,434	802,269	523,376	395,577
Total School Facilities		\$ 1,089,914	\$ 1,681,378	\$ 1,904,290	\$ 2,290,145	\$ 2,023,808	\$ 2,329,519	\$ 1,925,605	\$ 1,818,981	\$ 2,578,688	\$ 1,147,492

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, 2021
UNAUDITED

	Coverage	Deductible
Utica Insurance Company		
MULTI PERIL PACKAGE POLICY		
Property		
Property - Blanket Building and Contents -		
Replacement Cost Values	\$ 200,039,899	\$ 5,000
Business Income & Extra Expense	Actual Loss Sustained	5,000
Flood	5,015,000	25,000
Earthquake	5,000,000	25,000
Limited Back Up Sewer & Drains	1,000,000	
Miscellaneous Outdoor Structures	50,000	
 Commercial Liability		
General Aggregate	3,000,000	
Products/Completed Ops Aggregate	3,000,000	
Each Occurrence	1,000,000	
Personal & Advertising Injury	1,000,000	
Damage to Premises Rented	100,000	
Medical Expense	10,000	
Abuse/Molestation	1,000,000/3,000,000	
Employee Benefits Liability	1,000,000/3,000,000	\$ 1,000
Employment Related Practices	1,000,000/1,000,000	\$ 10,000
Educators Legal Liability	1,000,000/2,000,000	\$ 15,000
 Crime Coverage		
Forgery or Alteration	100,000	500
Money & Securities Inside	25,000	500
Money & Securities Outside	25,000	500
Employee Theft	100,000	500
Computer & Funds Transfer Fraud	100,000	500
 Inland Marine		
Data Processing Equipment	475,000	100
 Business Automotive Coverage		
Bodily Injury & Property Damage	(Each) 1,000,000	
Personal Injury Protection	Statutory	
Medical Payments	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		500/1,000
Collision Deductible		1,000

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

		<u>Coverage</u>	<u>Deductible</u>
Utica Insurance Company			
EXCESS UMBRELLA	Limit of liability	\$ 25,000,000	
Fireman's Fund			
CAP	Limit of liability (group aggregate)	25,000,000	
Voyager Insurance Company (3/11/21-22)			
FLOOD			
Elementary School #1 -			
Building		500,000	\$ 10,000
Contents		500,000	10,000
Llyod's Syndicate			
ENVIRONMENTAL			
Pollution	(Each incident)	1,000,000	\$ 10,000
First Party Personal Property		100,000	
Microbial Matter Damages Deductible		Various	Various
United States Fire Insurance Company			
STUDENT ACCIDENT	Maximum Benefit	6,000,000	
Selective Insurance Company			
PUBLIC OFFICIAL BONDS			
Treasurer		400,000	
Business Administrator/Board Secretary		400,000	
New Jersey Schools Insurance Group			
Worker's Compensation			
Section "A"		Statutory	
Section "B"		3,000,000	
Cobwell Insurance Company			
Cyber Liability		2,000,000	25,000

Source: Scotch Plains-Fanwood Regional School District records.

SINGLE AUDIT SECTION

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 School District, in the County of Union (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
December 8, 2021

Nisivoccia, LLP

NISIVOCCIA LLP

Kathryn L. Mantell

Kathryn L. Mantell

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Independent Member
BKR International

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 School District'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, 2021. 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, 2021.

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.

Mount Arlington, New Jersey
December 8, 2021

Nisivoccia, LLP

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, 2021

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020			Balance at June 30, 2021			
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Amount Provided to Sub- recipients
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	7/1/20	6/30/21	\$ 60,612	\$ 60,612	\$	(60,612)				
Total U.S. Department of Health and Human Services/Medicaid Cluster												
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster:												
Summer Food Service Program:												
School Breakfast	10.553	N/A	7/1/20	6/30/21	57,503	55,057		(57,503)	\$ (2,446)			
School Lunch	10.555	N/A	7/1/20	6/30/21	143,578	111,278		(143,578)	(32,300)			
Subtotal Child Nutrition Cluster						166,335		(201,081)	(34,746)			
Total U.S. Department of Agriculture												
TOTAL FEDERAL AWARDS												
						\$ (68,094)	\$ - 0 -	\$ 2,468,140	\$ (2,707,275)	\$ (307,229)	\$ - 0 -	\$ - 0 -

N/A - Not Available/Applicable

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Balance at June 30, 2020

State Grantor/Program Title	Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2021		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	\$ 792,773	\$ 720,114	\$ (792,773)				\$ (72,659)	\$ 792,773		
Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	792,773	73,930								
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	3,320,671	3,016,325	(3,320,671)				(304,346)	3,320,671		
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	3,115,770	(290,561)								
Security Aid	21-495-034-5120-084	7/1/20	6/30/21	98,844	89,785	(98,844)				(9,059)	98,844		
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	98,844	9,218								
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20	6/30/21	3,366,261	2,124,658	(3,366,261)				(3,366,261)	3,366,261		
Extraordinary Special Education Costs Aid	20-495-034-5120-044	7/1/19	6/30/20	2,124,658	(6,862)					(61,770)	61,770		
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20	6/30/21	61,770									
Nonpublic School Transportation Costs	20-495-034-5120-014	7/1/19	6/30/20	6,862									
On-Behalf TPAF Contributions:													
Post-Retirement Medical	21-495-034-5094-001	7/1/20	6/30/21	3,188,998	3,188,998	(3,188,998)							
Pension	21-495-034-5094-002	7/1/20	6/30/21	9,985,997	9,985,997	(9,985,997)							
Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21	189,997	189,997	(189,997)							
Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21	6,842	6,842	(6,842)							
Reimbursed TPAF Contributions:													
Social Security Aid	21-495-034-5094-003	7/1/20	6/30/21	2,879,547	2,735,553	(2,879,547)				(143,994)	2,879,547		
Social Security Aid	20-495-034-5094-003	7/1/19	6/30/20	2,877,024	137,144								
Total General Fund State Aid					22,575,984	(23,891,700)				(3,572,025)	23,891,700		
					(2,642,373)								
Special Revenue Fund:													
NJ Nonpublic Aid:													
Technology Initiative	20-100-034-5120-373	7/1/19	6/30/20	36,180	\$ 3,537				\$ (3,537)	\$ 34,131			
Security Aid	21-100-034-5120-509	7/1/20	6/30/21	167,300		(133,169)							133,169
Security Aid	20-100-034-5120-509	7/1/19	6/30/20	150,750	14,104				(14,104)				
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20	6/30/21	58,403		(57,781)							57,781
Textbook Aid (Chapter 194)	20-100-034-5120-064	7/1/19	6/30/20	52,973	2,936				(2,936)				
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20	6/30/21	97,512		(83,861)							83,861
Nursing Services (Chapter 226)	20-100-034-5120-070	7/1/19	6/30/20	97,485	24,134				(24,134)				
Auxiliary Services (Chapter 192):													
Compensatory Education	21-100-034-5120-067	7/1/20	6/30/21	65,318		(32,397)							32,397
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	57,594	5,759				(24,903)				
Transportation	21-100-034-5120-067	7/1/20	6/30/21	19,588									19,588
Transportation	20-100-034-5120-067	7/1/19	6/30/20	17,887	1,788								
Home Instruction	21-100-034-5120-067	7/1/20	6/30/21	1,067		(1,067)							1,067
Home Instruction	20-100-034-5120-067	7/1/19	6/30/20	5,509	(5,509)				(1,067)				
Handicapped Services (Chapter 193):													
Supplementary Instruction	21-100-034-5120-066	7/1/20	6/30/21	127,088		(101,175)							101,175
Supplementary Instruction	20-100-034-5120-066	7/1/19	6/30/20	147,325	39,580				(39,580)				
Examination and Classification	21-100-034-5120-066	7/1/20	6/30/21	140,483		(115,751)							115,751
Examination and Classification	20-100-034-5120-066	7/1/19	6/30/20	151,031	61,083				(61,083)				
Corrective Speech	21-100-034-5120-066	7/1/20	6/30/21	22,330		(21,965)							21,965
Corrective Speech	20-100-034-5120-066	7/1/19	6/30/20	30,988	6,745				(6,745)				
Preschool Education Aid	21-495-034-5120-086	7/1/20	6/30/21	49,500		(49,500)							49,500
Preschool Education Aid	20-495-034-5120-086	7/1/19	6/30/20	49,500	4,950								
Total Special Revenue Fund					177,022	(596,666)				(1,067)	151,923		
					(50,940)								
					793,512	(177,022)				(1,067)	151,923		
						(6,017)							596,666

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2021		MEMO	
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor		Budgetary Receivable
Schools Development Authority:													
Capital Projects Fund:													
Educational Facilities Construction & Financing Act:													
Window Replacement:													
Coles Elementary School	4670-085-14-1018	7/11/14	6/30/19	\$ 215,552	\$ (215,552)	\$	215,552	\$ (215,552)				\$ 215,552	
Evergreen Elementary School	4670-090-14-1019	7/11/14	6/30/19	260,374	(260,374)		260,374	(260,374)				260,374	
Total Capital Projects Fund				(475,926)			475,926	(475,926)				475,926	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (3,169,239)	\$ 177,022	\$ 23,845,422	\$ (24,964,292)	\$ (177,022)	\$ (3,573,092)	\$ 151,923	\$ (3,964,106)	\$ 24,964,292
Less - State Awards Not Subject to Single Audit Major Program Determination:													
On-Behalf TPAF Pension System Contributions:													
Pension	21-495-034-5094-001	7/1/20	6/30/21	3,188,998				3,188,998				3,188,998	
Long-Term Disability Insurance	21-495-034-5094-002	7/1/20	6/30/21	9,985,997				9,985,997				9,985,997	
Subtotal On-Behalf TPAF Pension System Contributions	21-495-034-5094-004	7/1/20	6/30/21	189,997				189,997				189,997	
	21-495-034-5094-004	7/1/20	6/30/21	6,842				6,842				6,842	
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION					\$ (11,592,458)			\$ (11,592,458)				\$ (11,592,458)	

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, 2021

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, 2021. 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, 2021
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,355) for the general fund \$(177,812) for the special revenue fund (of which \$1,375 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 60,612	\$ 23,879,345	\$23,939,957
Special Revenue Fund	2,285,557	580,254	2,865,811
Capital Projects Fund		475,926	475,926
Food Service Enterprise Fund	<u>201,081</u>		<u>201,081</u>
Total Financial Assistance	<u>\$ 2,547,250</u>	<u>\$ 24,935,525</u>	<u>\$27,482,775</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	7/1/20-9/30/21	\$ 1,544,506	\$ 1,544,506
Preschool	84.173	7/1/20-9/30/21	57,830	57,830
<u>State:</u>				
Special Education				
Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	3,320,671	3,320,671
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	98,844	98,844

- 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, 2021
(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, 2021

Status of Prior Year Findings:

The District had no prior year audit findings.