

**SCOTCH PLAINS-FANWOOD
REGIONAL SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

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

Scotch Plains, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

Finance Department

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal.....	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors.....	8

FINANCIAL SECTION.....9

Independent Auditors' Report.....	10
-----------------------------------	----

Required Supplementary Information	14
--	----

Management's Discussion and Analysis	15
--	----

Basic Financial Statements (Sections A. and B.)	24
---	----

A. District-Wide Financial Statements	25
---	----

A-1 Statement of Net Position	26
-------------------------------------	----

A-2 Statement of Activities.....	27
----------------------------------	----

B. Fund Financial Statements.....	29
-----------------------------------	----

B-1 Balance Sheet – Governmental Funds	30
--	----

B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	31
---	----

B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
---	----

B-4 Statement of Net Position – Proprietary Funds.....	34
--	----

B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	35
--	----

B-6 Statement of Cash Flows – Proprietary Funds.....	36
--	----

Notes to the Basic Financial Statements.....	37
--	----

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information	82
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits	
Other than Pensions	83
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System.....	83
L-2 Schedule of District Contributions – Public Employees' Retirement System	84
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District – Teachers' Pension and Annuity Fund	85
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	86
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios	87
L-6 Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	88
Notes to Required Supplementary Information	89
C. Budgetary Comparison Schedules	91
C-1 Budgetary Comparison Schedule – General Fund	92
C-2 Budgetary Comparison Schedule – Special Revenue Fund	107
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	108
Supplementary Schedules (Sections D. to I.)	
D. School Level Schedules (Not Applicable).....	110
E. Special Revenue Fund	111
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	112
E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis	118
F. Capital Projects Fund (Not Applicable).....	119
G. Proprietary Funds.....	120
Enterprise Funds:	
G-1 Combining Statement of Net Position	121
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	122
G-3 Combining Statement of Cash Flows.....	123

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FINANCIAL SECTION (Cont'd)

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

H. Fiduciary Activities (Not Applicable)	124
I. Long-Term Debt	125
I-1 Schedule of Serial Bonds	126
I-2 Schedule of Obligations Under Financed Purchases (Not Applicable)	127
I-3 Schedule of Obligations Under Leases	128
I-4 Debt Service Fund Budgetary Comparison Schedule	129

STATISTICAL SECTION (Unaudited)

J. Statistical Section (Unaudited)	130
J-1 Net Position by Component	131
J-2 Changes in Net Position	132
J-3 Fund Balances - Governmental Funds	134
J-4 Changes in Fund Balances - Governmental Funds	135
J-5 General Fund Other Local Revenue by Source	137
J-6 Assessed Value and Estimated Actual Value of Taxable Property	138
J-7 Direct and Overlapping Property Tax Rates	139
J-8 Principal Property Taxpayers	140
J-9 Property Tax Levies and Collections	141
J-10 Ratios of Outstanding Debt by Type	142
J-11 Ratios of Net General Bonded Debt Outstanding	143
J-12 Ratios of Overlapping Governmental Activities Debt	144
J-13 Legal Debt Margin Information	145
J-14 Demographic and Economic Statistics	146
J-15 Principal Employers	147
J-16 Full-Time Equivalent District Employees by Function/Program	148
J-17 Operating Statistics	149
J-18 School Building Information	150
J-19 Schedule of Required Maintenance for School Facilities	152
J-20 Insurance Schedule	153
K. SINGLE AUDIT SECTION	155
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	156
K-2 Independent Auditor's Report on Compliance For Each Major Program; Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB15-08	158
K-3 Schedule of Expenditures of Federal Awards	161
K-4 Schedule of Expenditures of State Awards	163
K-5 Notes to Schedules of Expenditures of Federal and State Awards	165
K-6 Schedule of Findings and Questioned Costs	167
K-7 Summary Schedule of Prior Audit Findings	169

**INTRODUCTORY SECTION
(UNAUDITED)**

The Scotch Plains-Fanwood Public Schools

512 Cedar Street
SCOTCH PLAINS, NEW JERSEY 07076

October 21, 2022

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 Annual Comprehensive Financial Report (ACFR) of the Scotch Plains-Fanwood Regional School District (the "District") for the fiscal year ended June 30, 2022. 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 annual comprehensive 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 2021-2022 school year with an average daily enrollment of 5,411 students, compared to 5,314 students as of June 30, 2021. 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 2021-2022 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 1, 2 and 5th. Grades 2 and 3 utilized existing district Chromebooks. Staff computers were replaced based on the refresh cycle and classroom technology was kept up to date with projectors, printers and document cameras as needed for irreparable equipment.

Mathematics

During the 2021-2022 school year, the mathematics department professional development activities focused on the continued growth and development of secondary teachers to implement the curriculum in engaging and coherent ways. Elementary teachers in grades K-5 reflected upon their implementation of the curriculum as well as the results from district assessments to refine their pacing guides to reflect the continued alignment to the content standards and increase emphasis on the standards for mathematical practice. Middle and high school teachers utilized data from multiple assessment tools to differentiate instruction and engage their students in rigorous mathematics that challenged and supported their development of problem-solving and critical thinking.

Language Arts

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2021-2022 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: *Into the Wild*, *Just Mercy*, *Darius the Great is Not Okay*, and *Inside Out and Back Again*. 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 *Anti-Racist Writing Workshop* and *Being the Change* 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 1st grade teachers.

Social Studies

The Social Studies Department budget allocations in 2021-2022 focused on ensuring teachers had continued access to digital resources which were important during remote and hybrid instruction, and remained important as we continued to enforce social distancing in classrooms and remote instruction for quarantined students. At the elementary level this included digital subscriptions for teachers and some students to Social Studies Alive. At the middle and high school level this included a database for films as well as some access to Social studies Alive. We also updated classroom maps and globes at various levels to ensure the maps and globes are accurate and in working order. We also continued purchasing materials for professional development around the topics of diversity and equity.

Science

For the 2021-2022 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 using the FOSS modules in their classrooms. 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. In addition to the Gizmos subscription, an online platform that supports the student's ability to plan and carry out investigations using virtual simulations and STEM cases for phenomena that occur on the extremes of temporal and/or spatial scales, a subscription to *Physics Classroom* was also added to help physics students develop a conceptual understanding.

World Languages/ESL

During the 2021-2022 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, digital supplemental materials, and audio recordings to support the curriculum. Spending was allocated for teachers to attend World Language and ESL workshops outside of the district which allowed teachers to turnkey their learning to their colleagues throughout the year.

Fine Arts

During the 2021-2022 school year, the budget supported the Fine Arts curriculum with financial assistance for all co-curricular activities and scheduled classes. The budget supported professional development, curriculum re-writing, transportation, supplies, field trips, sheet music, professional masterclasses, increases to uniform and instrument inventories, instrumental and equipment refurbishing, support for the High School and both Terrill and Nettingham Middle School's spring musical, as well as technology support by way of software and licensing for music and art software computer programs and laptops.

Professional Development

In 2021-2022, 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.

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, 2022.

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,

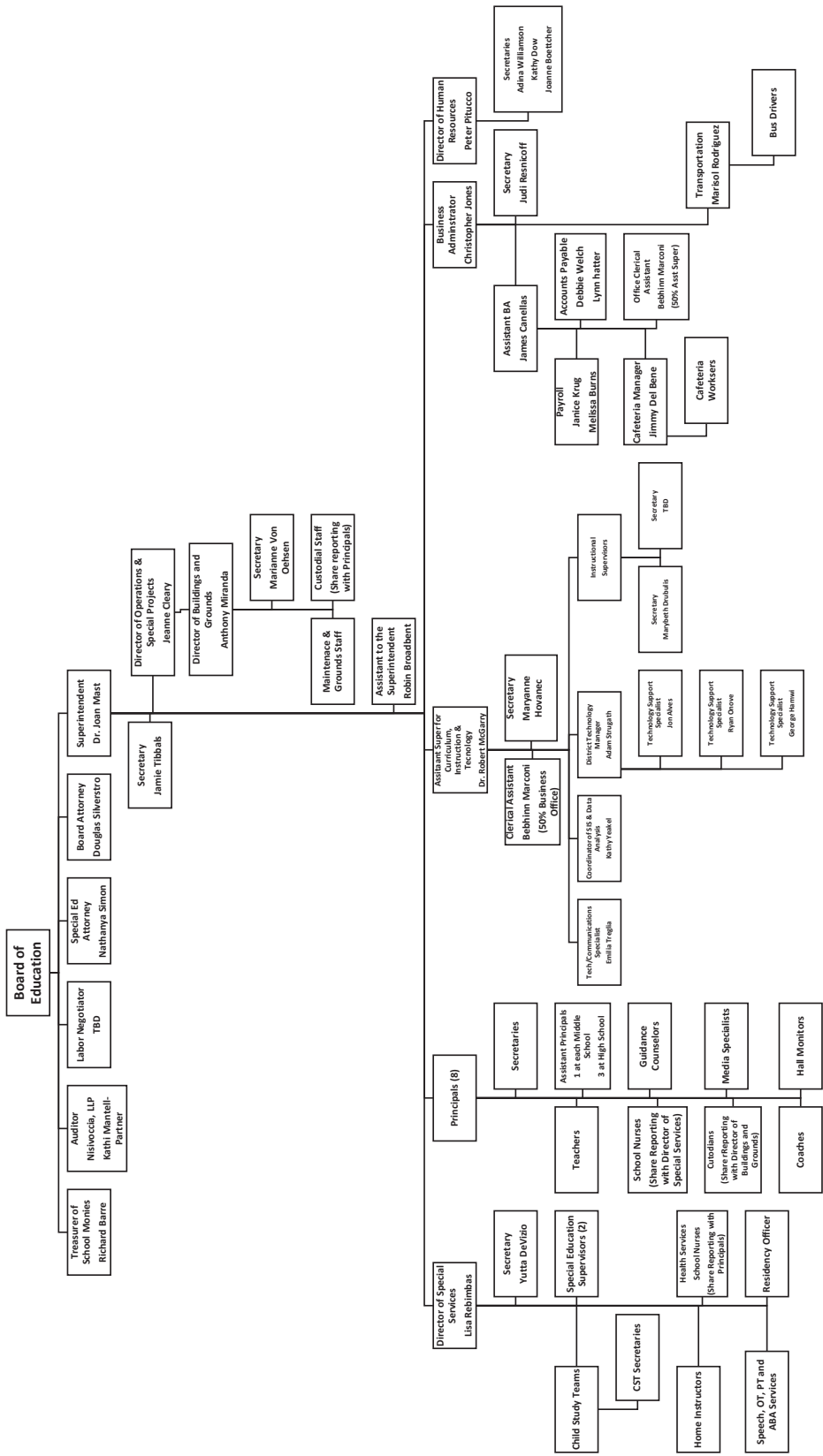


Dr. Joan V. Mast
Superintendent



Christopher Jones
Business Administrator

Scotch Plains-Fanwood Regional School District Organization Chart



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Karen Kulikowski, President	2024
Evan Murray, Vice President	2023
Nancy Bauer	2022
Amy Boroff	2023
Debora Brody	2024
Karen Mitchell	2023
Stephanie Suriani	2022
Tonya Williams	2024
Amy Winkler	2022

<u>Other Officials</u>	<u>Title</u>
Dr. Joan V. Mast	Superintendent of Schools
Christopher Jones	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

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

Attorneys

Douglas M. Silvestro, Esq.
Busch Law Group, LLC
450 Main Street
Metuchen, NJ 08840

Nathanya Simon, Esq.
Scarinci & Hollenbeck LLC
1100 Valley Brook Avenue
PO Box 790
Lyndhurst, NJ 07071-0790

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 Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Scotch Plains-Fanwood Regional School District (the "District"), in the County of Union, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 post-retirement schedules in Exhibits L-1 through L-5 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information 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*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2022 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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
October 21, 2022

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, 2022**

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, 2022. 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

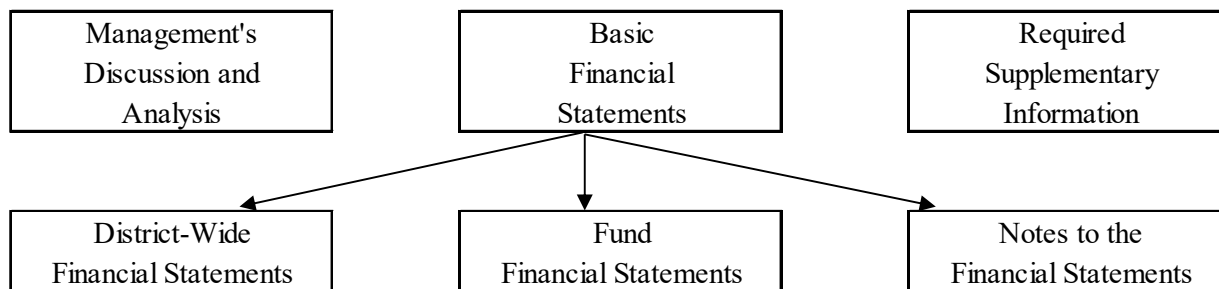


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease 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, 2022**

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, 2022**

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, 2022 and 2021. The District's *combined* net position was \$37,816,480 on June 30, 2022, \$9,780,076 or 34.88% more than the prior fiscal year. The net position of the governmental activities increased by \$10,189,526 and the net position of the business-type activities decreased by \$409,450.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2021/22
	2021/22	2020/21 (Restated)	2021/22	2020/21	2021/22	2020/21 (Restated)	
Current and							
Other Assets	\$26,583,929	\$23,725,282	\$ 359,822	\$ 543,007	\$26,943,751	\$24,268,289	
Capital Assets, Net	55,201,347	54,361,952	664,406	821,407	55,865,753	55,183,359	
Lease Assets, Net	1,010,163	985,826			1,010,163	985,826	
Total Assets	82,795,439	79,073,060	1,024,228	1,364,414	83,819,667	80,437,474	4.20%
Deferred Outflows of Resources	4,181,963	5,227,898			4,181,963	5,227,898	-20.01%
Other Liabilities	3,228,404	4,894,333	209,269	140,005	3,437,673	5,034,338	
Long-Term Liabilities	26,536,857	42,747,611			26,536,857	42,747,611	
Total Liabilities	29,765,261	47,641,944	209,269	140,005	29,974,530	47,781,949	-37.27%
Deferred Inflows of Resources	20,210,620	9,847,019			20,210,620	9,847,019	105.25%
Net Position:							
Net Investment in							
Capital Assets	54,594,293	52,652,947	664,406	821,407	55,258,699	53,474,354	
Restricted	15,673,736	12,352,791			15,673,736	12,352,791	
Unrestricted (Deficit)	(33,266,508)	(38,193,743)	150,553	403,002	(33,115,955)	(37,790,741)	
Total Net Position	\$37,001,521	\$26,811,995	\$ 814,959	\$ 1,224,409	\$37,816,480	\$28,036,404	34.88%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets increased \$1,784,345 due to \$3,010,870 in capital assets additions and the retirement of \$1,165,000 of serial bonds payable, the maturity of \$629,266 in lease principal and a \$24,337 net increase in lease assets, offset by a new lease of \$640,000, \$2,273,120 of depreciation expense, amortized deferred amount on refunding of \$76,752 and capital asset disposals of \$55,356. Restricted net position increased \$3,320,945 due to net increases in the capital reserve of \$4,349,755, unemployment compensation of \$90,717, student activities of \$11,357, offset by net decreases in maintenance reserve of \$130,884, and excess surplus of \$1,000,000. The deficit in unrestricted net position increased \$4,674,786 primarily due to changes in deferred inflows and outflows related to pensions and other post-employment benefits (OPEB) and decreases in the net pension and OPEB liabilities.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,222,077	\$ 505,165	\$ 985,568	\$ 31,866	\$ 2,207,645	\$ 537,031	
Grants and Contributions:							
Operating	37,299,860	31,921,378		201,081	37,299,860	32,122,459	
Capital	51,880	475,926			51,880	475,926	
General Revenue:							
Property Taxes	96,595,796	94,315,692			96,595,796	94,315,692	
Unrestricted State/ Federal Aid	154,054	159,615			154,054	159,615	
Other	267,625	448,512	420	1,062	268,045	449,574	
Total Revenue	<u>135,591,292</u>	<u>127,826,288</u>	<u>985,988</u>	<u>234,009</u>	<u>136,577,280</u>	<u>128,060,297</u>	6.65%
Expenses:							
Instruction	71,130,392	70,789,522			71,130,392	70,789,522	
Pupil and Instruction Services	28,438,076	26,405,170			28,438,076	26,405,170	
Administration and Business	9,492,986	9,091,357			9,492,986	9,091,357	
Maintenance and Operations	8,810,550	11,348,794			8,810,550	11,348,794	
Transportation	5,534,211	4,314,930			5,534,211	4,314,930	
Other	1,944,022	1,853,405	1,442,761	379,051	3,386,783	2,232,456	
Total Expenses	<u>125,350,237</u>	<u>123,803,178</u>	<u>1,442,761</u>	<u>379,051</u>	<u>126,792,998</u>	<u>124,182,229</u>	2.10%
Disposal of Capital Assets, Net of Accum. Depreciation			(4,206)		(4,206)		
Transfers	(51,529)		51,529				
Change in Net Position	<u>\$ 10,189,526</u>	<u>\$ 4,023,110</u>	<u>\$ (409,450)</u>	<u>\$ (145,042)</u>	<u>\$ 9,780,076</u>	<u>\$ 3,878,068</u>	152.19%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

The financial position of the District’s governmental activities increased \$10,189,526 – primarily due to a \$4,870,972 reduction in the District’s PERS pension liability and a \$10,262,515 reduction in the District’s Other Post-Employment Benefits (OPEB) payable offset by a \$9,754,025 change in deferred inflows of resources related to OPEB, which are outside the District’s control. From an operational standpoint, 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, the District must monitor its expenses continuously and thoroughly evaluate parental and student demands for new activities and programs in order to sustain its financial health.

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	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 71,130,392	\$ 70,789,522	\$43,888,554	\$47,553,019
Pupil and Instruction Services	28,438,076	26,405,170	22,337,024	21,717,643
Administration and Business	9,492,986	9,091,357	7,284,152	7,271,593
Maintenance and Operations	8,810,550	11,348,794	6,873,489	9,232,203
Transportation	5,534,211	4,314,930	4,449,179	3,272,846
Other	1,944,022	1,853,405	1,944,022	1,853,405
	<u>\$ 125,350,237</u>	<u>\$ 123,803,178</u>	<u>\$ 86,776,420</u>	<u>\$ 90,900,709</u>

Business-Type Activities

The net position of the District’s business-type activities decreased by \$409,450 – which is comprised of a decrease of \$430,963 in the Food Service Fund and an increase of \$21,513 in the Summer Community Education Fund. The reduction in net position in the Food Service Fund is attributable to the continuing effects of the COVID-19 pandemic. In 2021-2022, the Food Service Fund realized \$912,472 of operating revenue offset by \$1,391,322 of operating expenses. Prior to the pandemic, operating revenue was \$1,896,444 and operating expenses were \$1,761,173. The District expects operating results to improve on 2022-2023. (Refer to Figure A-4).

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Financial Analysis of the District’s Funds

While the District’s financial position increased \$9,780,076 on a District-wide basis, it increased \$4,611,757 on a governmental fund basis. The overall fund balances of the General Fund increased \$4,600,400 primarily due to the achievement of various cost savings, and the fund balance of the Special Revenue Fund increased \$11,357.

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 \$682,394, or 1.24%, from the previous fiscal year. During the 2021-2022 school year, there were District additions which totaled \$3,010,870 which were offset by \$2,273,120 in depreciation and \$55,356 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
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Sites (Land)	\$ 449,315	\$ 449,315			\$ 449,315	\$ 449,315	
Buildings and Building Improvements	51,434,532	50,436,326			51,434,532	50,436,326	
Machinery and Equipment	3,317,500	3,476,311	\$ 664,406	\$ 821,407	3,981,906	4,297,718	
Total Capital Assets, Net of Depreciation	\$55,201,347	\$54,361,952	\$ 664,406	\$ 821,407	\$55,865,753	\$55,183,359	1.24%

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Long-term Liabilities

The District’s long-term liabilities decreased by \$16,210,754, or 37.92%, from the previous fiscal year. At year-end, the District had \$740,000 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 9 to the Basic Financial Statements).

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

	Total School District		Percentage Change
	2021/22	2020/21*	
General Obligation Bonds, Net (Financed with Property Taxes)	\$ 740,000	\$ 1,905,000	
Net Pension Liability	14,590,687	19,461,659	
Other Long-Term Liabilities	11,206,170	21,380,952	
	<u>\$ 26,536,857</u>	<u>\$ 42,747,611</u>	<u>-37.92%</u>

* As Restated.

- Principal payments of \$1,165,000 on the District’s general obligation bonds were made during the fiscal year.
- The District’s net pension liability decreased by \$4,870,972.
- The District’s other long-term liabilities as of June 30, 2022 are comprised of leases, compensated absences payable, unamortized bond issuance premiums and other postemployment benefits.
- The District entered into a \$640,000 lease for Technology Equipment and paid down \$629,266 in lease principal during the fiscal year.
- Compensated absences payable increased overall by \$154,796.
- The District’s other postemployment benefits liability decreased by \$10,262,515.
- 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 uncertain economic environment 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, 2022**

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 Christopher Jones, 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,871,577	\$ 301,557	\$ 7,173,134
Internal Balances	(43,166)	43,166	
Receivables from Other Governments	4,071,646		4,071,646
Inventory		15,099	15,099
Prepaid Expenses	10,136		10,136
Restricted Cash and Cash Equivalents	15,673,736		15,673,736
Capital Assets, Net:			
Sites (Land)	449,315		449,315
Depreciable Buildings and Building Improvements and Machinery and Equipment	54,752,032	664,406	55,416,438
Lease Assets, Net:	1,010,163		1,010,163
Total Assets	<u>82,795,439</u>	<u>1,024,228</u>	<u>83,819,667</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	76,652		76,652
Deferred Outflows of Resources Related to OPEB	1,106,266		1,106,266
Deferred Outflows of Resources Related to Pensions	2,999,045		2,999,045
Total Deferred Outflows of Resources	<u>4,181,963</u>		<u>4,181,963</u>
LIABILITIES			
Payable to State Government	61,608		61,608
Accounts Payable	2,971,586	129,135	3,100,721
Accrued Interest Payable	27,625		27,625
Unearned Revenue	167,585	80,134	247,719
Noncurrent Liabilities:			
Due Within One Year	1,380,175		1,380,175
Due Beyond One Year	25,156,682		25,156,682
Total Liabilities	<u>29,765,261</u>	<u>209,269</u>	<u>29,974,530</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to OPEB	10,422,019		10,422,019
Deferred Inflows of Resources Related to Pensions	9,788,601		9,788,601
Total Deferred Inflows of Resources	<u>20,210,620</u>		<u>20,210,620</u>
NET POSITION			
Net Investment in Capital Assets	54,594,293	664,406	55,258,699
Restricted for:			
Capital Projects	12,636,593		12,636,593
Maintenance	1,590,185		1,590,185
Unemployment Compensation	1,264,836		1,264,836
Student Activities	182,122		182,122
Unrestricted (Deficit)	<u>(33,266,508)</u>	<u>150,553</u>	<u>(33,115,955)</u>
Total Net Position	<u>\$ 37,001,521</u>	<u>\$ 814,959</u>	<u>\$ 37,816,480</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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Capital Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 51,174,165	\$ 337,235	\$ 12,924,083		\$ (37,912,847)		\$ (37,912,847)
Special Education	15,141,345		12,822,737		(2,318,608)		(2,318,608)
Other Special Instruction	2,193,252		580,546		(1,612,706)		(1,612,706)
School Sponsored/Other Instruction	2,621,630		577,237		(2,044,393)		(2,044,393)
Support Services:							
Tuition	8,159,899				(8,159,899)		(8,159,899)
Student & Instruction Related Services	20,278,177	876,342	5,224,710		(14,177,125)		(14,177,125)
General Administrative Services	1,103,060		147,130		(955,930)		(955,930)
School Administrative Services	5,533,999		1,410,724		(4,123,275)		(4,123,275)
Central Services	2,036,700		478,674		(1,558,026)		(1,558,026)
Administrative Information Technology	819,227		172,306		(646,921)		(646,921)
Plant Operations and Maintenance	8,810,550		1,885,181	\$ 51,880	(6,873,489)		(6,873,489)
Pupil Transportation	5,534,211	8,500	1,076,532		(4,449,179)		(4,449,179)
Transfer of Funds to Charter Schools	81,901				(81,901)		(81,901)
Interest on Long-Term Debt	38,282				(38,282)		(38,282)
Unallocated Depreciation	1,823,839				(1,823,839)		(1,823,839)
Total Governmental Activities	125,350,237	1,222,077	37,299,860	51,880	(86,776,420)		(86,776,420)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,391,322	\$ 912,742			\$ (478,580)	\$ (478,580)	(478,580)
Summer Community Education	51,439	72,826			21,387	21,387	21,387
Total Business-Type Activities	1,442,761	985,568			(457,193)	(457,193)	(457,193)
Total Primary Government	\$ 126,792,998	\$ 2,207,645	\$ 37,299,860	\$ 51,880	\$ (86,776,420)	(457,193)	(87,233,613)

General Revenues, Transfers and Other Items:

Taxes:							
Property Taxes, Levied for General Purposes, Net				95,364,671			95,364,671
Taxes Levied for Debt Service				1,231,125			1,231,125
Federal and State Aid not Restricted				154,054			154,054
Investment Earnings				32,322	420		32,742
Miscellaneous Income				235,303			235,303
Transfers				(51,529)	51,529		
Other Item - Disposal of Capital Assets, Net of Depreciation					(4,206)		(4,206)
Total General Revenues, Transfers and Other Item				96,965,946	47,743		97,013,689
Change in Net Position				10,189,526	(409,450)		9,780,076
Net Position - Beginning (Restated)				26,811,995	1,224,409		28,036,404
Net Position - Ending				\$ 37,001,521	\$ 814,959		\$ 37,816,480

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,871,577		\$ 6,871,577
Interfunds Receivable	125,037		125,037
Receivables from Other Governments	3,595,113	\$ 476,533	4,071,646
Prepaid Expenses	10,136		10,136
Restricted Cash and Cash Equivalents	<u>15,491,614</u>	<u>182,122</u>	<u>15,673,736</u>
Total Assets	<u>\$ 26,093,477</u>	<u>\$ 658,655</u>	<u>\$ 26,752,132</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfunds Payable	\$ 51,529	\$ 116,674	\$ 168,203
Payable to State Government		61,608	61,608
Accounts Payable	1,189,256	221,219	1,410,475
Unearned Revenue	<u>85,603</u>	<u>81,982</u>	<u>167,585</u>
Total Liabilities	<u>1,326,388</u>	<u>481,483</u>	<u>1,807,871</u>
Fund Balances:			
Restricted:			
Capital Reserve Account	12,636,593		12,636,593
Maintenance Reserve Account	1,590,185		1,590,185
Unemployment Compensation	1,264,836		1,264,836
Student Activities		182,122	182,122
Assigned:			
Encumbrances	1,451,928		1,451,928
Designated for Subsequent Year's Expenditures	2,036,454		2,036,454
Unassigned/(Deficit)	<u>5,787,093</u>	<u>(4,950)</u>	<u>5,782,143</u>
Total Fund Balances/(Deficit)	<u>24,767,089</u>	<u>177,172</u>	<u>24,944,261</u>
Total Liabilities and Fund Balances	<u>\$ 26,093,477</u>	<u>\$ 658,655</u>	<u>\$ 26,752,132</u>

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

Total Fund Balances (from Above)	\$ 24,944,261
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds	55,201,347
Leased Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds	1,010,163
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(14,590,687)
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	1,106,266
Deferred Inflows of Resources Related to OPEB	(10,422,019)
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	1,437,934
Deferred Inflows of Resources Related to Pensions	(9,788,601)
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(11,868,373)
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due	(27,625)
Bond Issuance Premiums are reported as revenue in the Governmental Funds.	(77,797)
Deferred Amount on Refunding is not reported as an expenditure in the Governmental Funds in the year of the expenditure	76,652
Net Position of Governmental Activities	<u>\$ 37,001,521</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, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 95,364,671		\$ 1,231,125	\$ 96,595,796
Transportation Fees from Individuals	8,500			8,500
Interest Earned on:				
Capital Reserve Funds	8,978			8,978
Maintenance Reserve Funds	2,789			2,789
Miscellaneous Revenues	255,858	\$ 1,231,107		1,486,965
Total - Local Sources	95,640,796	1,231,107	1,231,125	98,103,028
State Sources	29,679,855	652,022		30,331,877
Federal Sources	55,450	2,596,184		2,651,634
Total Revenues	125,376,101	4,479,313	1,231,125	131,086,539
EXPENDITURES				
Current:				
Regular Instruction	29,299,790	703,394		30,003,184
Special Education Instruction	7,726,249	1,841,947		9,568,196
Other Special Instruction	1,271,255			1,271,255
School Sponsored/Other Instruction	1,611,491			1,611,491
Support Services and Undistributed Costs:				
Tuition	8,159,899			8,159,899
Student & Instruction Related Services	11,713,052	2,047,366		13,760,418
General Administrative Services	904,344			904,344
School Administrative Services	3,087,001			3,087,001
Central Services	1,262,342			1,262,342
Administration Information Technology	543,183			543,183
Plant Operations and Maintenance	7,679,664			7,679,664
Pupil Transportation	5,119,784			5,119,784
Allocated Benefits	178,819			178,819
Unallocated Benefits	40,266,692			40,266,692
Transfer of Funds to Charter Schools	81,901			81,901
Capital Outlay	2,333,955			2,333,955
Debt Service:				
Principal			1,165,000	1,165,000
Interest and Other Charges			66,125	66,125
Total Expenditures	121,239,421	4,592,707	1,231,125	127,063,253
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	4,136,680	(113,394)		4,023,286
OTHER FINANCING SOURCES/(USES)				
Leases (non-budgeted)	640,000			640,000
Transfers In		124,751		124,751
Transfers Out	(176,280)			(176,280)
Total Other Financing Sources/(Uses)	463,720	124,751		588,471
Net Change in Fund Balances	4,600,400	11,357		4,611,757
Fund Balance - July 1	20,166,689	165,815		20,332,504
Fund Balance - June 30	\$ 24,767,089	\$ 177,172	\$ - 0 -	\$ 24,944,261

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, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,611,757

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	\$ (2,120,325)
Capital asset additions	3,010,870
	(51,150)

Disposal of Capital Assets, Net of Accumulated Depreciation 839,395

Capital outlays related to lease assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over he shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization expense	(615,663)
Lease asset additions	640,000

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.

Repayment of 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. (640,000)

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. 629,266

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 (+). 1,165,000

31,530

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	4,870,972
Change in Deferred Outflows of Resources Related to Pensions	(921,608)
Change in Deferred Inflows of Resources Related to Pensions	(609,576)

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	10,262,515
Change in Deferred Outflows of Resources Related to OPEB	(166,386)
Change in Deferred Inflows of Resources Related to OPEB	(9,754,025)

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, 2022

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

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 (+).

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 (+)

The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities (-)

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

	\$ (154,796)
	77,797
	<u>(76,652)</u>
	<u><u>\$ 10,189,526</u></u>

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, 2022

	<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	\$ 157,740	\$ 143,817	\$ 301,557
Accounts Receivable:			
Interfund - General Fund	51,529		51,529
Inventories	15,099		15,099
Total Current Assets	<u>224,368</u>	<u>143,817</u>	<u>368,185</u>
Non-Current Assets:			
Capital Assets	1,170,761		1,170,761
Less: Accumulated Depreciation	<u>(506,355)</u>		<u>(506,355)</u>
Total Non-Current Assets	<u>664,406</u>		<u>664,406</u>
Total Assets	<u>888,774</u>	<u>143,817</u>	<u>1,032,591</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors	129,135		129,135
Interfund Payable - General Fund		8,363	8,363
Unearned Revenue:			
Prepaid Sales	80,134		80,134
Total Current Liabilities	<u>209,269</u>	<u>8,363</u>	<u>217,632</u>
Total Liabilities	<u>209,269</u>	<u>8,363</u>	<u>217,632</u>
NET POSITION:			
Investment in Capital Assets	664,406		664,406
Unrestricted	<u>15,099</u>	<u>135,454</u>	<u>150,553</u>
Total Net Position	<u>\$ 679,505</u>	<u>\$ 135,454</u>	<u>\$ 814,959</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, 2022

	<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	\$ 912,742		\$ 912,742
Program Fees		\$ 72,826	72,826
Total Operating Revenue	<u>912,742</u>	<u>72,826</u>	<u>985,568</u>
Operating Expenses:			
Cost of Sales:			
Non-Reimbursable Programs	458,577		458,577
Salaries	490,867	39,124	529,991
Payroll Taxes	69,875		69,875
Employee Benefits	29,714		29,714
Purchased Property Services	31,592		31,592
Management Fee	51,673		51,673
Insurance	47,906		47,906
Supplies and Materials	58,323	12,315	70,638
Depreciation Expense	152,795		152,795
Total Operating Expenses	<u>1,391,322</u>	<u>51,439</u>	<u>1,442,761</u>
Operating Income/(Loss)	<u>(478,580)</u>	<u>21,387</u>	<u>(457,193)</u>
Non-Operating Revenue:			
Local Sources - Interest Revenue	294	126	420
Total Non-Operating Revenue	<u>294</u>	<u>126</u>	<u>420</u>
Change in Net Position Before Transfer and Other Item	(478,286)	21,513	(456,773)
Transfer In - Board Contribution - General Fund	51,529		51,529
Other Item - Disposal of Capital Assets, Net	(4,206)		(4,206)
Change in Net Position	(430,963)	21,513	(409,450)
Net Position - Beginning of Year	<u>1,110,468</u>	<u>113,941</u>	<u>1,224,409</u>
Net Position - End of Year	<u>\$ 679,505</u>	<u>\$ 135,454</u>	<u>\$ 814,959</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, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Food Service</u>	<u>Non-Major Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 887,750	\$ 72,826	\$ 960,576
Payments to Employees	(22,853)	(39,124)	(61,977)
Payments to Food Service Vendor	(1,082,747)		(1,082,747)
Payments to Suppliers	(28,373)	(3,952)	(32,325)
Net Cash Provided by/(Used for) Operating Activities	<u>(246,223)</u>	<u>29,750</u>	<u>(216,473)</u>
Cash Flows from Noncapital Financing Activities:			
Federal Sources	34,746		34,746
Net Cash Provided by Noncapital Financing Activities	<u>34,746</u>		<u>34,746</u>
Cash Flows from Investing Activities:			
Interest Revenue	294	126	420
Net Cash Provided by Investing Activities	<u>294</u>	<u>126</u>	<u>420</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(211,183)	29,876	(181,307)
Cash and Cash Equivalents, July 1	368,923	113,941	482,864
Cash and Cash Equivalents, June 30	<u>\$ 157,740</u>	<u>\$ 143,817</u>	<u>\$ 301,557</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (478,580)	\$ 21,387	\$ (457,193)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	152,795		152,795
Changes in Assets and Liabilities:			
Decrease in Inventory	10,298		10,298
Increase in Accounts Payable	94,256		94,256
Increase in Interfund Payable		8,363	8,363
(Decrease) in Unearned Revenue	(24,992)		(24,992)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (246,223)</u>	<u>\$ 29,750</u>	<u>\$ (216,473)</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, 2022

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, 2022
(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, 2022
(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, 2022
(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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases 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, 2022 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, 2022
(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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 125,475,327	\$ 4,618,855
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		(173,358)
Prior Year Encumbrances		180,807
Cancellation of Prior Year Encumbrances		(146,991)
Prior Year State aid payments recognized for GAAP statements, not recognized for budgetary purposes	386,064	4,950
Current Year State aid payments recognized for budgetary purposes, not recognized for GAAP statements	<u>(485,290)</u>	<u>(4,950)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 125,376,101</u>	<u>\$ 4,479,313</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	\$ 121,239,421	\$ 4,732,249
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		(173,358)
Prior Year Encumbrances		180,807
Cancellation of Prior Year Encumbrances		<u>(146,991)</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 121,239,421</u>	 <u>\$ 4,592,707</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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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, 2022.

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, 2022
(Continued)

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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, 2022.

O. 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.

P. 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, 2022
(Continued)

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

Q. Leases Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Fund Balance Appropriated:

General Fund: Of the \$24,767,089 General Fund balance at June 30, 2022, \$1,451,928 is assigned for encumbrances; \$2,036,454 is assigned for subsequent year's expenditures; \$12,636,593 is restricted for the capital reserve account; \$1,590,185 is restricted for the maintenance reserve account; \$1,264,836 is restricted for unemployment compensation; and \$5,787,093 is unassigned which is \$485,290 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, 2023.

Special Revenue Fund: Of the \$177,172 fund balance at June 30, 2022, \$182,122 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, 2023.

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 did not have excess surplus at June 30, 2022 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.

S. 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, 2022
(Continued)

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

S. 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 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, 2022.

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 and amounts designated for the subsequent year's budget in the General Fund at June 30, 2022.

T. Deficit Fund Balance/Net Position:

The District has a deficit Unassigned fund balance as of June 30, 2022 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 \$33,266,508 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 liabilities, 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.

U. 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, 2022 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, 2022 related to pensions and OPEB.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. 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, lease assets, net of accumulated amortization 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.

V. 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.

W. 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, 2022
(Continued)

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

X. 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.

Y. 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, 2022
(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, 2022
(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, 2022
(Continued)

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

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 7,173,134	\$ 15,673,736	\$ 22,846,870

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$22,846,870 and the bank balance was \$24,450,274.

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 8,286,838
Interest Earnings	8,978
Deposit by Board Resolution - June 23, 2022	5,045,302
Unexpended Capital Outlay Funds Returned	72,791
Withdrawals by Board Resolution	(777,316)
Ending Balance, June 30, 2022	\$ 12,636,593

The balance in the capital reserve account at June 30, 2022 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, 2022
(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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 1,721,069
Interest Earnings	2,789
Unexpended Withdrawals Returned	73,911
Withdrawals by Board Resolution	<u>(207,584)</u>
Ending Balance, June 30, 2022	<u>\$ 1,590,185</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$230,903 to the capital outlay accounts for equipment which did not require County Superintendent approval and \$777,316 from capital reserve to the capital outlay accounts for facilities acquisition and construction services which required County Superintendent approval.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 449,315			\$ 449,315
Total Capital Assets Not Being Depreciated	449,315			449,315
Capital Assets Being Depreciated:				
Buildings and Building Improvements	76,389,256	\$ 2,847,005		79,236,261
Machinery and Equipment	7,508,740	163,865	\$ (106,295)	7,566,310
Total Capital Assets Being Depreciated	83,897,996	3,010,870	(106,295)	86,802,571
Governmental Activities Capital Assets	84,347,311	3,010,870	(106,295)	87,251,886
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(25,952,930)	(1,848,799)		(27,801,729)
Machinery and Equipment	(4,032,429)	(271,526)	55,145	(4,248,810)
	(29,985,359)	(2,120,325)	55,145	(32,050,539)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 54,361,952	\$ 890,545	\$ (51,150)	\$ 55,201,347
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,179,173		\$ (8,412)	\$ 1,170,761
Less Accumulated Depreciation	(357,766)	\$ (152,795)	4,206	(506,355)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 821,407	\$ (152,795)	\$ (4,206)	\$ 664,406

Capital acquisitions totaled \$3,010,870 of current fiscal year capitalized expenditures in the Governmental Activities. The District did not transfer any completed capital projects to depreciable capital assets during the current fiscal year. As of June 30, 2022, the District had no active construction projects balances.

Depreciation expense was charged to governmental functions as follows:

Other Instruction	\$ 1,208
Special Education Instruction	86,644
Student and Instruction Related Services	329
School Administrative Services	40,034
Plant Operations and Maintenance	89,297
Pupil Transportation	78,974
Unallocated	1,823,839
	<u>\$ 2,120,325</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,876,000	\$ 640,000	\$ (608,000)	\$ 1,908,000
Total Lease Assets Being Amortized	<u>1,876,000</u>	<u>640,000</u>	<u>(608,000)</u>	<u>1,908,000</u>
Governmental Activities Lease Assets	<u>1,876,000</u>	<u>640,000</u>	<u>(608,000)</u>	<u>1,908,000</u>
Less Accumulated Amortization for:				
Machinery and Equipment	(890,174)	(615,663)	608,000	(897,837)
	<u>(890,174)</u>	<u>(615,663)</u>	<u>608,000</u>	<u>(897,837)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 985,826</u>	<u>\$ 24,337</u>	<u>\$ -0-</u>	<u>\$ 1,010,163</u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	<u>\$ 615,663</u>
---------------------	-------------------

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in liabilities reported in the District-wide financial statements:

	(Restated) Balance 6/30/2021	Issued/ Accrued	Retired	Balance 6/30/2022
Serial Bonds Payable	\$ 1,905,000		\$ 1,165,000	\$ 740,000
Leases Payable	943,135	\$ 640,000	629,266	953,869
Compensated Absences Payable	1,736,167	245,887	91,091	1,890,963
Unamortized Bond Issuance Premiums	155,594		77,797	77,797
Net Pension Liability	19,461,659		4,870,972	14,590,687
Other Post-Employment Benefits Payable	18,546,056		10,262,515	8,283,541
	<u>\$ 42,747,611</u>	<u>\$ 885,887</u>	<u>\$ 17,096,641</u>	<u>\$ 26,536,857</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

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, 2022 as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds	02/11/10	07/15/22	5.00%	<u>\$ 740,000</u>

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

<u>Fiscal Year Ended</u> <u>June 30,</u> <u>2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$ 740,000</u>	<u>\$ 18,500</u>	<u>\$ 758,500</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

C. Leases Payable:

The District had leases outstanding as of June 30, 2022 as follows:

<u>Purpose</u>	<u>Leases Payable</u>				
	<u>Commencement Date</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Technology Equipment	08/01/19	Annual	08/01/22	1.993%	\$ 157,761
Technology Equipment	08/01/20	Annual	08/01/23	1.255%	318,848
Technology Equipment	10/01/21	Annual	10/01/24	1.150%	<u>477,260</u>
					<u>\$ 953,869</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 473,462	\$ 12,635
2024	319,498	5,694
2025	<u>160,909</u>	<u>1,851</u>
	<u>\$ 953,869</u>	<u>\$ 20,180</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

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, 2022 is \$77,797 and the long-term portion is \$-0-

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 current portion of compensated absences payable at June 30, 2022 is \$88,916 and the long-term portion is \$1,802,047.

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, 2022, 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 \$8,283,541 of OPEB payable at June 30, 2022 is long-term. See Note 11 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 \$14,590,687 net pension liability at June 30, 2022 is long-term. See Note 10 for further information on the PERS.

NOTE 10. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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:

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

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.

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 \$1,442,400 for fiscal year 2022.

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

At June 30, 2022, the District reported a liability of \$14,590,687 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1232%, which was an increase of 0.0038% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized an actual pension benefit in the amount of \$1,897,387.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows.

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 616,606
	2018	5.63		1,156,005
	2019	5.21		1,019,798
	2020	5.16		2,401,970
	2021	5.13	\$ 75,988	5,194,379
			<u>75,988</u>	<u>5,194,379</u>
Changes in Proportion	2017	5.48		62,664
	2018	5.63	60,809	
	2019	5.21	399,955	
	2020	5.16		583,536
	2021	5.13	671,068	646,200
			<u>1,131,832</u>	<u>646,200</u>
Difference Between Expected and Actual Experience	2017	5.48	18,338	
	2018	5.63		44,022
	2019	5.21	77,954	
	2020	5.16	133,822	
	2021	5.13		60,430
			<u>230,114</u>	<u>104,452</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2018	5.00		113,972
	2019	5.00		(36,775)
	2020	5.00		(828,810)
	2021	5.00		4,595,183
				<u>3,843,570</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	1,561,111	
			<u>\$ 2,999,045</u>	<u>\$ 9,788,601</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2022	\$ (3,442,767)
2023	(2,458,127)
2024	(1,676,024)
2025	(1,259,872)
2026	491
	\$ (8,836,299)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022
(Continued)

NOTE 10. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 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, 2022
(Continued)

NOTE 10. 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, 2021 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, 2021		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the Net Pension Liability	\$ 19,869,557	\$ 14,590,687	\$ 10,110,818

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, 2022
(Continued)

NOTE 10. 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 2021, 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$14,465,657 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$10,067,187.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$165,152,629. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.3435%, which was a decrease of 0.008% from its proportion measured as of June 30, 2020.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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>165,152,629</u>
Total	\$	<u><u>165,152,629</u></u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$14,465,657 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	\$ 153,774,925	
	2015	8.30 years	926,219,611	
	2016	8.30 years	3,000,278,784	
	2017	8.30 years		\$ 5,282,196,290
	2018	8.29 years		3,527,661,165
	2019	8.04 years		2,510,940,613
	2020	7.99 years	1,209,286,241	
	2021	7.93 years		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50 years		1,464,605
	2015	8.30 years	57,204,429	
	2016	8.30 years		37,311,034
	2017	8.30 years	93,981,436	
	2018	8.29 years	618,845,893	
	2019	8.04 years		97,553,990
	2020	7.99 years		6,444,940
	2021	7.93 years	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Investments	2018	5 years		96,030,373
	2019	5 years		(72,441,385)
	2020	5 years		(724,186,621)
	2021	5 years		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. 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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Total Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022
(Continued)

NOTE 10. 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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments 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, 2022
(Continued)

NOTE 10. 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, 2021 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, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 195,403,146	\$ 165,152,629	\$ 139,744,095

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 \$25,158 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$34,623 for the fiscal year ended June 30, 2022.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 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 annual financial statements 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, 2022
(Continued)

NOTE 11. 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, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	<u>216,804</u>
Total	<u><u>366,108</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on	based on
	service years	service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%
	based on	based on
	service years	service years

The actuarial assumptions used in the June 30, 2019 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, 2022
(Continued)

NOTE 11. 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) and “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2019	\$ 142,116,417
Changes for Year:	
Service Cost	6,579,398
Interest Cost	5,136,165
Difference Between Expected and Actual Experience	40,386,784
Changes in Assumptions	42,527,474
Member Contributions	122,850
Gross Benefit Payments	(4,053,134)
Net Changes	90,699,537
Balance at June 30, 2020	\$ 232,815,954

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 2020 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, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 280,671,650	\$ 232,815,954	\$ 195,397,409

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, 2020 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 187,936,889	\$ 232,815,954	\$ 286,256,945

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 2022, the District recognized OPEB expense of \$12,330,669 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, 2020, 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		\$ 14,129,230
	2018	9.51		12,436,389
	2019	9.29	\$ 1,676,293	
	2020	9.24	37,924,934	
			<u>39,601,227</u>	<u>26,565,619</u>
Difference Between Expected and Actual Experience	2018	9.51		11,756,258
	2019	9.29		19,730,061
	2020	9.24	35,347,527	
			<u>35,347,527</u>	<u>31,486,319</u>
Changes in Proportion	N/A	N/A	<u>3,341,295</u>	<u>36,964</u>
			<u>\$ 78,290,049</u>	<u>\$ 58,088,902</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
2021	\$ (149,147)
2022	(149,147)
2023	(149,147)
2024	(149,147)
2025	(149,147)
Thereafter	<u>(16,151,081)</u>
	<u>\$ (16,896,816)</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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 July 2022, there is a total of 1,096 active employees and retirees, reflecting the sum of 786 active employees (620 currently electing coverage and 166 waiving coverage) and 310 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 \$8,283,541 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.77%
Salary Increases	3.00%

Health Care Trend Rates

	<u>Year</u>	<u>Pre 65</u>	<u>Post 65</u>
Year 1 Trend	July 1, 2023	7.00%	7.00%
Ultimate Trend	July 1, 2033 & Later	4.50%	4.50%
Grading per Year		0.25%	0.25%

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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, 2022.

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-2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 18,546,056
Changes for Year:	
Service Cost	444,916
Interest	689,533
Changes in Assumptions	(10,884,840)
Benefit Payments	<u>(512,124)</u>
Net Changes	<u>(10,262,515)</u>
Balance at June 30, 2022	<u>\$ 8,283,541</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

District Plan (Cont'd)

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

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77 percent) or 1-percentage-point higher (4.77 percent) than the current discount rate:

	June 30, 2022		
	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
	Total OPEB Liability	\$ 9,301,091	\$ 8,283,541

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, 2022		
	Healthcare Cost		
	1% Decrease (6.00%) Decreasing to (3.50%)	Trend Rate (7.00%) Decreasing to (4.50%)	1% Increase (8.00%) Decreasing to (5.50%)
Total OPEB Liability	\$ 7,394,696	\$ 8,283,541	\$ 9,340,575

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$170,020.

At June 30, 2022, 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	\$ 476,143	
	2020	9.66		\$ 580,788
	2021	9.66	630,123	
	2022	10.43		9,841,231
			\$ 1,106,266	\$ 10,422,019

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. 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
2023	\$ (964,429)
2024	(964,429)
2025	(964,429)
2026	(964,429)
2027	(964,429)
Total Thereafter	(4,493,608)
	\$ (9,315,753)

NOTE 12. 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 Annual Comprehensive 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, 2022
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The June 30, 2022 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, 2021 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 409,434,229
Net Position	\$ 171,872,738
Total Revenue	\$ 136,646,172
Total Expenses	\$ 104,006,539
Members Dividends	\$ - 0 -
Change in Net Position for the Year Ended June 30, 2021	\$ 32,639,633

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.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2021-2022	\$ -0-	\$ 1,666	\$ 90,668	\$ 1,617	\$ 1,264,836
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

NOTE 13. ECONOMIC DEPENDENCY

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The District had the following interfund balances on the various balance sheets at June 30, 2022.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 125,037	\$ 51,529
Special Revenue Fund		116,674
Proprietary Funds:		
Food Service	51,529	
Summer Community Education Program		8,363
	<u>\$ 176,566</u>	<u>\$ 176,566</u>

The interfund payable in Special Revenue Fund represents cash advances from the General Fund while awaiting federal and state grant reimbursements, in General Fund represents the Board contribution due to the Food Service Fund, and in the summer Community Fund represents collections due to the General Fund.

During the fiscal year, the General Fund transferred \$124,751 to the Special Revenue Fund for the local share of the preschool program and \$51,529 to the Food Service Enterprise Fund for the Board Contribution.

NOTE 15. DEFERRED COMPENSATION

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

The plan administrators are as follows:

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

NOTE 16. 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, 2022
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2022:

	<u>Governmental Funds</u>		District Contribution Subsequent to the Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Accrued Salaries and Wages	\$ 124,459			\$ 124,459	
Payroll Deductions and Withholdings	650,250			650,250	
Vendors	414,547	\$ 221,219		635,766	\$ 129,135
Due to:					
State of New Jersey			\$ 1,561,111	1,561,111	
	<u>\$ 1,189,256</u>	<u>\$ 221,219</u>	<u>\$ 1,561,111</u>	<u>\$ 2,971,586</u>	<u>\$ 129,135</u>

NOTE 18. 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 \$257,093 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these property for 2021 without the abatements would have been \$877,903 of which \$574,697 would have been for regional school taxes.

The Borough of Fanwood recognized revenue in the amount of \$372,559 from four payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatements would have been \$447,577 of which \$279,756 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, 2022
(Continued)

NOTE 19. 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, 2022, 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
\$ 1,451,928	\$ 173,358	\$ 1,625,286

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$173,358 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 20. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2022:

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Funds
Federal		\$ 470,850	\$ 470,850
State	\$ 3,595,113	5,683	3,600,796
	\$ 3,595,113	\$ 476,533	\$ 4,071,646

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 21. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to reclassify an intangible right-to-use asset and a lease liability from a financed purchases as of June 30, 2021:

	<u>Balance at June 30, 2021 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance at June 30, 2021 as Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Assets, Net	\$ -0-	\$ 985,826	\$ 985,826
Total Assets	78,087,234	985,826	79,073,060
Net Position:			
Net Investment in Capital Assets	51,667,121	985,826	52,652,947
Total Net Position	25,826,169	985,826	26,811,995

**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 EIGHT 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	2022		
District's Proportion of the Net Pension Liability	0.1235749238%	0.1193426136%	0.1231645476%		
District's proportionate share of the Net Pension Liability	\$ 22,266,327	\$ 19,461,659	\$ 14,590,687		
District's Covered Employee Payroll	\$ 8,369,450	\$ 8,916,068	\$ 8,930,618		
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	266.04%	218.28%	163.38%		
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	58.32%	70.33%		

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 EIGHT 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	(953,637)	(1,034,330)	(1,081,722)	(1,129,712)	(1,195,423)
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	2022
Contractually Required Contribution	\$ 1,228,956	\$ 1,305,549	\$ 1,442,400
Contributions in relation to the Contractually Required Contribution	(1,228,956)	(1,305,549)	(1,442,400)
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 8,916,068	\$ 8,930,618	\$ 9,037,820
Contributions as a percentage of Covered Employee Payroll	13.78%	14.62%	15.96%

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 EIGHT 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	2022
State's proportion of the Net Pension Liability attributable to the District	0.3413448873%	0.3515766443%	0.3435298611%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 209,486,579	\$ 231,508,990	\$ 165,152,629
District's Covered Employee Payroll	\$ 37,481,877	\$ 39,331,488	\$ 40,342,216
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%	409.38%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%	24.60%	35.52%

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 EIGHT 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	2022
Contractually Required Contribution	\$ 12,356,078	\$ 14,396,215	\$ 10,067,187
Contributions in relation to the Contractually Required Contribution	<u>(7,711,422)</u>	<u>(9,985,997)</u>	<u>(14,465,657)</u>
Contribution Deficiency/(Excess)	<u>\$ 4,644,656</u>	<u>\$ 4,410,218</u>	<u>\$ (4,398,470)</u>
District's Covered Employee Payroll	\$ 39,331,488	\$ 40,342,216	\$ 42,111,764
Contributions as a percentage of Covered Employee Payroll	19.61%	24.75%	34.35%

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 FOUR YEARS

	Fiscal Year Ending June 30,			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 8,269,076	\$ 6,846,632	\$ 6,203,017	\$ 6,579,398
Interest Cost	5,725,771	6,634,059	6,198,765	5,136,165
Difference Between Expected and Actual Experience		(15,932,833)	(24,239,409)	40,386,784
Changes in Assumptions	(24,143,890)	(17,909,620)	2,118,967	42,527,474
Member Contributions	153,911	144,233	129,318	122,850
Gross Benefit Payments	(4,179,815)	(4,173,211)	(4,362,550)	(4,053,134)
Net Change in Total OPEB Liability	(14,174,947)	(24,390,740)	(13,951,892)	90,699,537
Total OPEB Liability - Beginning	194,633,996	180,459,049	156,068,309	142,116,417
Total OPEB Liability - Ending	<u>\$ 180,459,049</u>	<u>\$ 156,068,309</u>	<u>\$ 142,116,417</u>	<u>\$ 232,815,954</u>
District's Covered Employee Payroll *	\$ 41,956,358	\$ 43,838,687	\$ 45,838,716	\$ 45,851,327
Total OPEB Liability as a Percentage of Covered Empl	430%	356%	310%	508%

* - 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 FIVE FISCAL YEARS

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	\$ 727,081	\$ 770,680	\$ 829,649	\$ 908,419	\$ 444,916
Interest	517,528	506,284	415,184	351,048	689,533
Changes in Assumptions		812,643	(842,406)	794,645	(10,884,840)
Benefit Payments	(471,959)	(552,080)	(633,899)	(609,266)	(512,124)
Net Change in Total OPEB Liability	772,650	1,537,527	(231,472)	1,444,846	(10,262,515)
Total OPEB Liability - Beginning	15,022,505	15,795,155	17,332,682	17,101,210	18,546,056
Total OPEB Liability - Ending	<u>\$ 15,795,155</u>	<u>\$ 17,332,682</u>	<u>\$ 17,101,210</u>	<u>\$ 18,546,056</u>	<u>\$ 8,283,541</u>
Covered Employee Payroll *	\$ 50,230,068	\$ 50,230,068	\$ 49,730,721	\$ 49,730,721	\$ 52,994,422
Total OPEB Liability as a Percentage of Covered Employee Payroll	31.45%	34.51%	34.39%	37.29%	15.63%

* - 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

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, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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%.

D. DISTRICT POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefit Terms Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.09% as of June 30, 2021 to 3.77% as of June 30, 2022.

BUDGETARY COMPARISON SCHEDULES

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 95,364,671		\$ 95,364,671	\$ 95,364,671	
Transportation Fees from Individuals				8,500	\$ 8,500
Interest Earned on Capital Reserve Funds	1,000		1,000	8,978	7,978
Interest Earned on Maintenance Reserve Funds	800		800	2,789	1,989
Unrestricted Miscellaneous Revenues	183,200		183,200	255,858	72,658
Total - Local Sources	95,549,671		95,549,671	95,640,796	91,125
State Sources:					
Categorical Transportation Aid	792,773		792,773	792,773	
Special Education Categorical Aid	4,266,477		4,266,477	4,266,477	
Categorical Security Aid	98,844		98,844	98,844	
Extraordinary Special Education Costs Aid	1,100,000		1,100,000	3,316,898	2,216,898
Nonpublic School Transportation Costs				73,660	73,660
Securing Our Children's Future Bond Act				51,880	51,880
On-Behalf TPAF Contributions:					
Post-Retirement Medical				3,427,446	3,427,446
Pension				14,465,657	14,465,657
Non-Contributory Insurance				204,090	204,090
Long-Term Disability Insurance				6,327	6,327
Reimbursed TPAF Social Security (Non-Budgeted)				3,075,029	3,075,029
Total State Sources	6,258,094		6,258,094	29,779,081	23,520,987
Federal Sources:					
Medicaid Reimbursement (SEMI)	47,703		47,703	55,450	7,747
Total Federal Sources	47,703		47,703	55,450	7,747
TOTAL REVENUES	101,855,468		101,855,468	125,475,327	23,619,859

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,462,364	\$ 265,267	\$ 1,727,631	\$ 1,717,116	\$ 10,515
Grades 1-5 - Salaries of Teachers	10,333,431	85,908	10,419,339	10,249,300	170,039
Grades 6-8 - Salaries of Teachers	7,729,654	(978)	7,728,676	7,555,401	173,275
Grades 9-12 - Salaries of Teachers	8,320,331	(152,432)	8,167,899	8,086,408	81,491
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	9,656	29,656	29,656	
Purchased Professional - Educational Services	33,303	(1,017)	32,286	11,410	20,876
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	277,830	5,700	283,530	261,187	22,343
Purchased Technical Services	337,425	64,794	402,219	350,477	51,742
Other Purchased Services (400-500 series)	34,304	9,521	43,825	9,948	33,877
General Supplies	955,692	(58,342)	897,350	644,137	253,213
Textbooks	369,627		369,627	329,857	39,770
Other Objects	25,806	30,090	55,896	54,893	1,003
Total Regular Programs - Instruction	29,899,767	258,167	30,157,934	29,299,790	858,144
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	645,190	33,384	678,574	558,976	119,598
Other Salaries for Instruction	466,194	(133,717)	332,477	244,353	88,124
Purchased Professional - Educational Services	5,500	(4,000)	1,500	1,500	
Other Purchased Services (400-500 series)	500	1,170	1,670	1,670	
General Supplies	8,900	2,570	11,470	11,448	22
Total Multiple Disabilities	1,126,284	(100,593)	1,025,691	817,947	207,744

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 5,181,662	\$ 126,191	\$ 5,307,853	\$ 5,240,451	\$ 67,402
Other Salaries for Instruction	1,378,042	18,983	1,397,025	1,222,393	174,632
Purchased Technical Services	3,000	(303)	2,697	1,296	1,401
General Supplies	20,500	6,338	26,838	26,766	72
Total Resource Room/Resource Center	6,583,204	151,209	6,734,413	6,490,906	243,507
Preschool Disabilities - Full-Time:					
Salaries of Teachers	204,251	23,562	227,813	213,193	14,620
Other Salaries for Instruction	78,047	(19,782)	58,265	39,615	18,650
General Supplies	2,700	(1,875)	825	778	47
Total Preschool Disabilities - Full-Time	284,998	1,905	286,903	253,586	33,317
Home Instruction:					
Salaries of Teachers	64,000	32,141	96,141	96,118	23
Other Purchased Services (400-500 series)	28,500	53,199	81,699	67,692	14,007
Total Home Instruction	92,500	85,340	177,840	163,810	14,030
Total Special Education Instruction	8,086,986	137,861	8,224,847	7,726,249	498,598

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,026,939	\$ 16,058	\$ 1,042,997	\$ 1,034,166	\$ 8,831
Other Purchased Services (400-500 series)	525		525	125	400
General Supplies	3,975		3,975	3,819	156
Total Basic Skills/Remedial - Instruction	1,031,439	16,058	1,047,497	1,038,110	9,387
Bilingual Education - Instruction:					
Salaries of Teachers	238,546	39,949	278,495	230,951	47,544
General Supplies	1,500	1,946	3,446	2,194	1,252
Total Bilingual Education - Instruction	240,046	41,895	281,941	233,145	48,796
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	303,480	2,427	305,907	281,736	24,171
Purchased Services (300-500 series)	40,596	8,068	48,664	47,560	1,104
Supplies and Materials	30,340	(7,195)	23,145	14,794	8,351
Other Objects	12,200		12,200	3,151	9,049
Total School-Sponsored Cocurricular Activities - Instruction	386,616	3,300	389,916	347,241	42,675
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	881,929	(140)	881,789	875,802	5,987
Purchased Services (300-500 series)	193,236	(2,857)	190,379	153,949	36,430
Supplies and Materials	103,540	1,305	104,845	98,820	6,025
Other Objects	35,560	357	35,917	35,312	605
Total School-Sponsored Cocurricular Athletics - Instruction	1,214,265	(1,335)	1,212,930	1,163,883	49,047

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries	\$ 86,650	\$ (8,992)	\$ 77,658	\$ 77,519	\$ 139
Other Salaries for Instruction	32,050	10,042	42,092	22,848	19,244
Total Summer School - Instruction	118,700	1,050	119,750	100,367	19,383
Total Instruction	40,977,819	456,996	41,434,815	39,908,785	1,526,030
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	3,318,289	(730,516)	2,587,773	1,892,520	695,253
Tuition to County Vocational Schools - Regular	1,250,000		1,250,000	1,177,550	72,450
Tuition to County Vocational Schools - Special	60,000		60,000	32,400	27,600
Tuition to CSSD and Regional Day Schools	390,352	(49,605)	340,747	161,700	179,047
Tuition to Private Schools for the Disabled - Within the State	4,558,800	52,012	4,610,812	4,412,720	198,092
Tuition to Private Schools for the Disabled and Other LEA's - Outside the State	534,842	9,000	543,842	483,009	60,833
Tuition - State Facilities	50,000		50,000		50,000
Total Undistributed Expenditures - Instruction	10,162,283	(719,109)	9,443,174	8,159,899	1,283,275
Attendance and Social Work Services:					
Salaries	81,508		81,508	68,364	13,144
Total Attendance and Social Work Services	81,508		81,508	68,364	13,144
Health Services:					
Salaries	948,451	13,514	961,965	934,093	27,872
Purchased Professional and Technical Services	59,640	(176)	59,464	44,215	15,249
Other Purchased Services (400-500 series)	1,100		1,100	807	293
Supplies and Materials	22,500		22,500	14,239	8,261
Total Health Services	1,031,691	13,338	1,045,029	993,354	51,675

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 951,015	\$ (1,941)	\$ 949,074	\$ 881,723	\$ 67,351
Purchased Professional - Educational Services	3,042,703	53,890	3,096,593	2,422,559	674,034
Other Purchased Services (400-500 series)		1,000	1,000	495	505
Supplies and Materials	14,000	(2,249)	11,751	11,572	179
Other Objects	1,000	(1,000)			
Total Other Support Services - Speech, OT, PT and Related Services	4,008,718	49,700	4,058,418	3,316,349	742,069
Other Support Services - Students - Extraordinary Services:					
Salaries	890,518	186,561	1,077,079	1,072,211	4,868
Total Other Support Services - Students - Extraordinary Services	890,518	186,561	1,077,079	1,072,211	4,868
Guidance:					
Salaries of Other Professional Staff	1,562,290	(3,090)	1,559,200	1,446,400	112,800
Salaries of Secretarial and Clerical Assistants	326,663	(616)	326,047	304,104	21,943
Other Salaries		616	616	616	
Unused Vacation Payment to Terminated/Retired Staff		1,280	1,280	1,279	1
Other Purchased Professional and Technical Services	5,855	45	5,900	5,900	
Other Purchased Services (400-500 series)	1,650	(45)	1,605	35	1,570
Supplies and Materials	33,170		33,170	18,852	14,318
Other Objects	610		610		610
Total Guidance	1,930,238	(1,810)	1,928,428	1,777,186	151,242
Child Study Team:					
Salaries of Other Professional Staff	1,157,097	348	1,157,445	1,130,001	27,444
Salaries of Secretarial and Clerical Assistants	263,923	(5,277)	258,646	258,644	2
Purchased Professional - Educational Services	153,640	112,441	266,081	180,518	85,563
Other Purchased Professional and Technical Services	65,000	(4,195)	60,805	37,025	23,780
Other Purchased Services (400-500 series)	1,500	(1,170)	330		330
Supplies and Materials	11,500	9,513	21,013	20,947	66
Other Objects	175		175	150	25
Total Child Study Team	1,652,835	111,660	1,764,495	1,627,285	137,210

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 661,135		\$ 661,135	\$ 661,134	\$ 1
Salaries of Other Professional Staff	297,715	\$ 4,087	301,802	301,802	
Salaries of Secretarial and Clerical Assistants	126,953	(4,087)	122,866	75,108	47,758
Purchased Professional - Educational Services	31,763		31,763	31,202	561
Supplies and Materials	3,436	2,936	6,372	4,640	1,732
Total Improvement of Instructional Services	1,121,002	2,936	1,123,938	1,073,886	50,052
Educational Media Services/School Library:					
Salaries	701,753	490	702,243	678,153	24,090
Salaries of Technology Coordinators	57,330		57,330	49,600	7,730
Other Purchased Services (400-500 series)	1,760	279	2,039	1,319	720
Supplies and Materials	87,135	(182)	86,953	80,549	6,404
Total Educational Media Services/School Library	847,978	587	848,565	809,621	38,944
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	863,287		863,287	863,286	1
Salaries of Secretarial and Clerical Assistants	86,992	(4,820)	82,172	81,134	1,038
Other Salaries	2,605		2,605	2,605	
Purchased Professional - Educational Services	7,050	29,604	36,654	26,375	10,279
Other Purchased Professional and Technical Services		1,396	1,396	1,396	
Total Instructional Staff Training Services	959,934	26,180	986,114	974,796	11,318

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 330,353		\$ 330,353	\$ 320,623	\$ 9,730
Legal Services	120,000	10,000	130,000	63,866	66,134
Audit Fees	53,200	893	54,093	54,093	
Architectural/Engineering Services	25,000	(12,061)	12,939	10,150	2,789
Other Purchased Professional Services	11,775	60,473	72,248	70,938	1,310
Purchased Technical Services	27,600	(22,815)	4,785	4,785	
Communications/Telephone	180,811	(12,989)	167,822	140,799	27,023
BOE Other Purchased Services	7,000	(2,983)	4,017	900	3,117
Miscellaneous Purchased Services (400-500 series)	150,061	18,699	168,760	164,497	4,263
General Supplies	6,100	7,503	13,603	13,488	115
Judgments Against The School District	19,500	15,000	15,000	15,000	
Miscellaneous Expenditures		248	19,748	18,542	1,206
BOE Membership Dues and Fees	30,000	(2,768)	27,232	26,663	569
Total Support Services - General Administration	961,400	59,200	1,020,600	904,344	116,256
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,106,743		2,106,743	2,106,742	1
Salaries of Other Professional Staff	191,093		191,093	191,092	1
Salaries of Secretarial and Clerical Assistants	796,672	1,133	797,805	775,702	22,103
Unused Vacation Payment to Terminated/Retired Staff		693	693	692	1
Purchased Professional and Technical Services	500		500		500
Supplies and Materials	15,000	(464)	14,536	10,998	3,538
Other Objects	2,000		2,000	1,775	225
Total Support Services - School Administration	3,112,008	1,362	3,113,370	3,087,001	26,369

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 1,049,307	\$ (4,826) ⁷	\$ 1,044,481 ⁷	\$ 1,043,112 ⁷	\$ 1,369
Unused Vacation Payment to Terminated/Retired Staff					
Purchased Professional Services	82,327	39,640	121,967	109,017	12,950
Purchased Technical Services	121,320	8,500	129,820	85,284	44,536
Miscellaneous Purchased Services (400-500 series)	4,650		4,650	3,477	1,173
Supplies and Materials	29,552	(7,785)	21,767	15,197	6,570
Miscellaneous Expenditures	6,500	208	6,708	6,248	460
Total Central Services	1,293,656	35,744	1,329,400	1,262,342	67,058
Administration Information Technology:					
Salaries	388,005		388,005	375,486	12,519
Purchased Professional Services	7,687	15,827	23,514	16,452	7,062
Purchased Technical Services	151,818	20,000	171,818	140,527	31,291
Other Purchased Services (400-500 series)	5,000	(500)	4,500		4,500
Supplies and Materials	8,775	2,076	10,851	10,718	133
Total Administration Information Technology	561,285	37,403	598,688	543,183	55,505
Required Maintenance for School Facilities:					
Salaries	772,692		772,692	720,494	52,198
Cleaning, Repair and Maintenance Services	383,084	204,584	587,668	374,991	212,677
General Supplies	386,317	55,856	442,173	365,719	76,454
Other Objects	4,000	34,860	38,860	2,660	36,200
Total Required Maintenance for School Facilities	1,546,093	295,300	1,841,393	1,463,864	377,529

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 2,593,189	\$ 112,117	\$ 2,705,306	\$ 2,700,360	\$ 4,946
Salaries of Non-Instructional Aides	519,586	(89,901)	429,685	328,758	100,927
Unused Vacation Payment to Terminated/Retired Staff		17,913	17,913	17,913	
Purchased Professional and Technical Services	156,122	3,885	160,007	134,165	25,842
Cleaning, Repair and Maintenance Services	184,409	(51,241)	133,168	130,343	2,825
Other Purchased Property Services	201,400	919	202,319	188,410	13,909
Insurance	361,510	(38,922)	322,588	322,588	
Miscellaneous Purchased Services		918	918	918	
General Supplies	270,803	10,078	280,881	250,105	30,776
Energy (Natural Gas)	284,700	86,771	371,471	361,799	9,672
Energy (Electricity)	781,500	69,119	850,619	850,619	
Energy (Gasoline)	25,000	13,728	38,728	38,728	
Total Custodial Services	5,378,219	135,384	5,513,603	5,324,706	188,897
Care and Upkeep of Grounds:					
Salaries	354,229	(8,533)	345,696	308,180	37,516
Unused Vacation Payment to Terminated/Retired Staff		93	93	93	
Purchased Professional and Technical Services	10,000		10,000	8,100	1,900
Cleaning, Repair and Maintenance Services	105,980	(10,110)	95,870	91,538	4,332
General Supplies	85,361	(12,630)	72,731	67,731	5,000
Total Care and Upkeep of Grounds	555,570	(31,180)	524,390	475,642	48,748
Security:					
Salaries	180,050	(122,370)	57,680	32,359	25,321
Purchased Professional and Technical Services	366,000	9,405	375,405	358,347	17,058
Cleaning, Repair and Maintenance Services	32,000	(29,599)	2,401	2,401	
General Supplies	31,879	(7,228)	24,651	22,345	2,306
Total Security	609,929	(149,792)	460,137	415,452	44,685

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 414,103	\$ 10,329	\$ 424,432	\$ 349,444	\$ 74,988
Between Home and School - Special	12,000	(1,578)	10,422	9,226	1,196
Other Than Between Home and School - Regular	125,000	(2,651)	122,349	102,908	19,441
Unused Vacation Payment to Terminated/Retired Staff		468	468	468	
Management Fee - ESC & CTSA Transportation Program	95,486	46,299	141,785	135,509	6,276
Other Purchased Professional and Technical Services	8,000	17,815	25,815	25,534	281
Cleaning, Repair and Maintenance Services	8,000	(5,315)	2,685		2,685
Contracted Services:					
Aid in Lieu Payments:					
Nonpublic Schools	230,000	9,000	239,000	220,000	19,000
Charter Schools	2,000		2,000		2,000
Between Home and School - Vendors	525,000	(7,000)	518,000	459,658	58,342
Other Than Between Home and School - Vendors	61,600	3,000	64,600	35,651	28,949
Special Education Students - Vendors	317,000		317,000	307,321	9,679
Regular Students - ESCs & CTSA	36,036	(11,176)	24,860	3,026	21,834
Special Education Students - ESCs & CTSA	2,534,909	1,236,399	3,771,308	3,394,221	377,087
Miscellaneous Purchased Services	11,000	(2,665)	8,335	6,148	2,187
General Supplies	500	(39)	461		461
Transportation Supplies	65,000	11,123	76,123	70,231	5,892
Other Objects	1,000		1,000	439	561
Total Student Transportation Services	4,446,634	1,304,009	5,750,643	5,119,784	630,859
Allocated Benefits:					
Regular Programs - Instruction:					
Tuition Reimbursement	153,000		153,000	145,970	7,030
Total Allocated Benefits - Regular Programs - Instruction	153,000		153,000	145,970	7,030

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 7,849	\$ 10,151
Total Allocated Benefits - Improvement of Instruction Services	18,000		18,000	7,849	10,151
Support Services - School Administration:					
Tuition Reimbursement	30,000		30,000	25,000	5,000
Total Allocated Benefits - Support Services - School Administration	30,000		30,000	25,000	5,000
Total Allocated Benefits	201,000		201,000	178,819	22,181
Unallocated Benefits:					
Social Security Contributions	1,020,000	\$ 59,899	1,079,899	1,079,899	
Other Retirement Contributions - PERS	1,355,554	88,193	1,443,747	1,443,747	
Other Retirement Contributions - Regular	32,000		32,000	25,158	6,842
Unemployment Compensation	50,000	(50,000)			
Workmen's Compensation	407,164	(57,480)	349,684	332,619	17,065
Health Benefits	17,531,242	(699,821)	16,831,421	15,883,679	947,742
Other Employee Benefits	422,500		422,500	277,753	144,747
Unused Sick Payment to Terminated/Retired Staff	75,000		75,000	45,288	29,712
Total Unallocated Benefits	20,893,460	(659,209)	20,234,251	19,088,143	1,146,108

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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				\$ 3,427,446	\$ (3,427,446)
Pension				14,465,657	(14,465,657)
Non-Contributory Insurance				204,090	(204,090)
Long-Term Disability Insurance				6,327	(6,327)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				3,075,029	(3,075,029)
Total On-Behalf and Reimbursed Contributions				21,178,549	(21,178,549)
Total Personal Services - Employee Benefits	\$ 21,094,460	\$ (659,209)	\$ 20,435,251	40,445,511	(20,010,260)
Total Undistributed Expenses	62,245,959	698,264	62,944,223	78,914,780	(15,970,557)
TOTAL GENERAL CURRENT EXPENSE	103,223,778	1,155,260	104,379,038	118,823,565	(14,444,527)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction	23,500	11,075	34,575		34,575
Central Services		8,021	8,021	8,021	
Administration Information Technology		167,291	167,291		167,291
Required Maintenance for School Facilities	460,565		460,565	460,565	
Custodial Services	153,724	15,515	169,239	26,851	142,388
Care and Upkeep of Grounds	104,255		104,255		104,255
Security		29,001	29,001		29,001
School Buses - Regular	131,710		131,710	131,710	
Total Equipment	873,754	230,903	1,104,657	627,147	477,510

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 478	\$ 116,660	\$ 116,660	\$ 89,560	\$ 27,100
Other Purchased Professional and Technical Services		660,656	789,897	165,629	624,268
Construction Services	129,241		650,000	646,193	3,807
Lease Purchase Agreements - Principal	650,000		165,426	165,426	
Other Objects (Debt Service Assessment)	165,426				
Total Facilities Acquisition and Construction Services	945,145	777,316	1,722,461	1,066,808	655,653
Assets Acquired Under Leases (Non-Budgeted):					
Equipment:					
Undistributed Expenditures:				640,000	(640,000)
Instruction				640,000	(640,000)
Total Assets Acquired Under Leases (Non-Budgeted)				1,280,000	(1,280,000)
TOTAL CAPITAL OUTLAY	1,818,899	1,008,219	2,827,118	2,333,955	493,163
Transfer of Funds to Charter Schools	31,000	50,901	81,901	81,901	
TOTAL EXPENDITURES	105,073,677	2,214,380	107,288,057	121,239,421	(13,951,364)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(3,218,209)	(2,214,380)	(5,432,589)	4,235,906	9,668,495
Other Financing Sources/(Uses):					
Leases (Non-Budgeted)				640,000	640,000
Transfers Out:					
Board Contribution:					
Food Service Enterprise Fund		(51,529)	(51,529)	(51,529)	15,827
Special Revenue Fund - PreK - Inclusion	(140,578)		(140,578)	(124,751)	15,827
Total Other Financing Sources/(Uses)	(140,578)	(51,529)	(192,107)	463,720	655,827

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources	\$ (3,358,787)	\$ (2,265,909)	\$ (5,624,696)	\$ 4,699,626	\$ 10,324,322
Over/(Under) Expenditures and Other Financing Uses	20,552,753		20,552,753	20,552,753	
Fund Balance, July 1	\$ 17,193,966	\$ (2,265,909)	\$ 14,928,057	\$ 25,252,379	\$ 10,324,322
Fund Balance, June 30	<u>\$ 17,193,966</u>	<u>\$ (2,265,909)</u>	<u>\$ 14,928,057</u>	<u>\$ 25,252,379</u>	<u>\$ 10,324,322</u>

Recapitulation:

Restricted:

Capital Reserve

Maintenance Reserve

Unemployment Compensation

Assigned:

Encumbrances

Designated for Subsequent Year's Expenditures

Unassigned

	\$ 12,636,593
	1,590,185
	1,264,836
	1,451,928
	2,036,454
	6,272,383
	<u>25,252,379</u>
	<u>(485,290)</u>
	<u>\$ 24,767,089</u>

Reconciliation to Governmental Funds Statement (GAAP):

June State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 378,000	\$ 917,720	\$ 1,295,720	\$ 1,242,018	\$ (53,702)
State Sources	771,578	(56,227)	715,351	635,610	(79,741)
Federal Sources	1,322,200	2,757,265	4,079,465	2,741,227	(1,338,238)
Total Revenues	2,471,778	3,618,758	6,090,536	4,618,855	(1,471,681)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	140,578	(15,827)	124,751	124,751	
Total Revenues and Other Financing Sources	2,612,356	3,602,931	6,215,287	4,743,606	(1,471,681)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	626,066	179,875	805,941	645,230	160,711
Purchased Services		124,972	124,972	116,275	8,697
Other Purchased Services	990,000	551,464	1,541,464	1,540,114	1,350
General Supplies	16,156	411,387	427,543	249,740	177,803
Textbooks	58,403	(4,446)	53,957	52,728	1,229
Total Instruction	1,690,625	1,263,252	2,953,877	2,604,087	349,790
Support Services					
Personal Services - Salaries	1,188	359,635	360,823	82,587	278,236
Personal Services - Employee Benefits	18,590	148,289	166,879	63,119	103,760
Purchased Professional/Educational Services	849,538	351,651	1,201,189	1,026,210	174,979
Purchased Professional and Technical Services	8,000	(8,000)			
Other Purchased Services	5,490	583,706	589,196	39,437	549,759
Supplies and Materials	30,925	47,413	78,338	51,824	26,514
Other Objects	8,000	(8,000)			
Student Activities		864,985	864,985	864,985	
Total Support Services	921,731	2,339,679	3,261,410	2,128,162	1,133,248
Total Expenditures	2,612,356	3,602,931	6,215,287	4,732,249	1,483,038
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 11,357	\$ 11,357

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 125,475,327	\$ 4,618,855
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		(173,358)
Prior Year Encumbrances		180,807
Cancellation of Prior Year Encumbrances		(146,991)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	386,064	4,950
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(485,290)</u>	<u>(4,950)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 125,376,101</u></u>	<u><u>\$ 4,479,313</u></u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 121,239,421	\$ 4,732,249
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		(173,358)
Prior Year Encumbrances		180,807
Cancellation of Prior Year Encumbrances		<u>(146,991)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 121,239,421</u></u>	<u><u>\$ 4,592,707</u></u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 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 payment 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, 2022

	Elementary and Secondary Education Act				
	Title I		Title II A		
	2020-21	2021-22	2020-21	2020-21	
REVENUE:				Title III	
State Sources					
Federal Sources	\$ 120,833	\$ 2,499	\$ 120,998	\$ 3,532	\$ 4,279
Local Sources					
Total Revenue	120,833	2,499	120,998	3,532	4,279
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	\$ 120,833	\$ 2,499	\$ 120,998	\$ 3,532	\$ 4,279
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 75,610				\$ 2,376
Purchased Services					
Other Purchased Services	\$ 5,384	\$ 2,499	\$ 3,532		291
General Supplies					
Textbooks					
Total Instruction	80,994	2,499		3,532	2,667
Support Services:					
Personal Services - Salaries			\$ 10,318		
Personal Services - Employee Benefits	39,839		789		
Purchased Professional/Educational Services			38,105		
Other Purchased Services			32,816		1,612
Supplies and Materials			38,970		
Student Activities					
Total Support Services	39,839		120,998		1,612
Total Expenditures	\$ 120,833	\$ 2,499	\$ 120,998	\$ 3,532	\$ 4,279
Other Financing Sources:					
Board Contribution - General Fund					
Total Outflows	\$ 120,833	\$ 2,499	\$ 120,998	\$ 3,532	\$ 4,279

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act Title IV	2021-22	COVID-19 CRRSA ESSER II	I.D.E.A. - Part B, Basic Regular	Preschool
REVENUE:					
State Sources	\$ 4,156	\$ 2,750	\$ 341,825	\$ 1,488,208	\$ 58,156
Federal Sources					
Local Sources					
Total Revenue	<u>4,156</u>	<u>2,750</u>	<u>341,825</u>	<u>1,488,208</u>	<u>58,156</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	<u>\$ 4,156</u>	<u>\$ 2,750</u>	<u>\$ 341,825</u>	<u>\$ 1,488,208</u>	<u>\$ 58,156</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries			\$ 67,240		
Purchased Services	\$ 150	\$ 2,750	111,375		
Other Purchased Services				\$ 1,237,236	
General Supplies	809		35,848		
Textbooks					
Total Instruction	<u>959</u>	<u>2,750</u>	<u>214,463</u>	<u>1,237,236</u>	
Support Services:					
Personal Services - Salaries					
Personal Services - Employee Benefits			5,144		
Purchased Professional/Educational Services			122,218	250,972	\$ 58,156
Other Purchased Services					
Supplies and Materials	3,197				
Student Activities					
Total Support Services	<u>3,197</u>		<u>127,362</u>	<u>250,972</u>	<u>58,156</u>
Total Expenditures	<u>\$ 4,156</u>	<u>\$ 2,750</u>	<u>\$ 341,825</u>	<u>\$ 1,488,208</u>	<u>\$ 58,156</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, 2022

	COVID-19			
	I.D.E.A. - Part B, Basic	NJ Nonpublic	Textbooks	Security
	Regular - ARP	Preschool - ARP	Nursing	
REVENUE:				
State Sources	\$ 252,570	\$ 23,377	\$ 52,728	\$ 154,928
Federal Sources				
Local Sources				
Total Revenue	252,570	23,377	52,728	154,928
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	\$ 252,570	\$ 23,377	\$ 52,728	\$ 154,928
EXPENDITURES:				
Instruction:				
Personal Services - Salaries				
Purchased Services	\$ 252,570			
Other Purchased Services				
General Supplies			\$ 52,728	
Textbooks				
Total Instruction	252,570		52,728	
Support Services:				
Personal Services - Salaries				
Personal Services - Employee Benefits		\$ 23,377	\$ 95,268	\$ 154,928
Purchased Professional/Educational Services				
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	23,377		95,268	154,928
Total Expenditures	\$ 252,570	\$ 23,377	\$ 52,728	\$ 154,928

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Nonpublic Auxiliary Services (Chapter 192)		Nonpublic Handicapped Services (Chapter 193)	
	Compensatory Education	Home Instruction	Supplementary Instruction	Examination & Classification
REVENUE:				
State Sources	\$ 53,658	\$ 5,683	\$ 93,586	\$ 87,604
Federal Sources				
Local Sources				
Total Revenue	53,658	5,683	93,586	87,604
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenue and Other Financing Sources	\$ 53,658	\$ 5,683	\$ 93,586	\$ 87,604
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	\$ 53,658	\$ 5,683	\$ 93,586	\$ 87,604
Other Purchased Services				
Supplies and Materials				
Student Activities				
Total Support Services	53,658	5,683	93,586	87,604
Total Expenditures	\$ 53,658	\$ 5,683	\$ 93,586	\$ 87,604

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	COVID-19 ARP				
	ESSER III	Accelerated Learning Coaching and Educator Support	Evidence-Based Summer Learning and Enrichment Activities	Evidence-Based Comprehensive Beyond the School Day Activities	
REVENUE:					
State Sources	\$ 28,426				
Federal Sources		\$ 332	\$ 5,009	\$ 1,681	
Local Sources					
Total Revenue	28,426	332	5,009	1,681	
Other Financing Sources:					
Transfer In - Board Contribution - General Fund					
Total Revenue and Other Financing Sources	\$ 28,426	\$ 332	\$ 5,009	\$ 1,681	
EXPENDITURES:					
Instruction:					
Personal Services - Salaries				\$ 1,562	
Purchased Services					
Other Purchased Services					
General Supplies	\$ 167,923				
Textbooks					
Total Instruction	167,923			1,562	
Support Services:					
Personal Services - Salaries	71,961	\$ 308			
Personal Services - Employee Benefits	17,204	24		119	
Purchased Professional/Educational Services					
Other Purchased Services			\$ 5,009		
Supplies and Materials	9,657				
Student Activities					
Total Support Services	98,822	332	5,009	119	
Total Expenditures	\$ 28,426	\$ 332	\$ 5,009	\$ 1,681	

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Preschool Education Aid	ACSERS	Local Sources	Student Activities	Totals June 30, 2022
REVENUE:					
State Sources	\$ 49,500				\$ 635,610
Federal Sources		\$ 44,277			2,741,227
Local Sources	337,235		\$ 28,441	\$ 876,342	1,242,018
Total Revenue	386,735	44,277	28,441	876,342	4,618,855
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	124,751				124,751
Total Revenue and Other Financing Sources	\$ 511,486	\$ 44,277	\$ 28,441	\$ 876,342	\$ 4,743,606
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	\$ 498,442				\$ 645,230
Purchased Services			\$ 2,000		116,275
Other Purchased Services		\$ 44,277			1,540,114
General Supplies	13,044		26,441		249,740
Textbooks					52,728
Total Instruction	511,486	44,277	28,441		2,604,087
Support Services:					
Personal Services - Salaries					82,587
Personal Services - Employee Benefits					63,119
Purchased Professional/Educational Services					1,026,210
Other Purchased Services					39,437
Supplies and Materials					51,824
Student Activities				\$ 864,985	864,985
Total Support Services				864,985	2,128,162
Total Expenditures	\$ 511,486	\$ 44,277	\$ 28,441	\$ 864,985	\$ 4,732,249

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

District-Wide Total

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 498,442	\$ 498,442	
General Supplies	13,044	13,044	
Total Instruction	511,486	511,486	
 Total Expenditures	 \$ 511,486	 \$ 511,486	 \$ - 0 -

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2021-2022 Preschool Education Aid Allocation	\$ 49,500
Add: Actual Preschool Education Carryover (June 30, 2021)	-0-
Add: Budgeted Transfer from the General Fund 2021-2022	124,751
Add: Budgeted Tuition 2021-2022	337,235
Total Preschool Education Aid Funds Available for 2021-2022 Budget	511,486
Less: 2021-2022 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(511,486)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	- 0 -
Add: June 30, 2022 Unexpended Preschool Education Aid	- 0 -
Less: 2021-2022 Commissioner-approved Transfer to the General Fund	- 0 -
2021-2022 Carryover - Preschool Education Aid	\$ - 0 -
2021-2022 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2022-2023	\$ - 0 -

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	<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	\$ 157,740	\$ 143,817	\$ 301,557
Accounts Receivable:			
Interfund - General Fund	51,529		51,529
Inventories	15,099		15,099
Total Current Assets	<u>224,368</u>	<u>143,817</u>	<u>368,185</u>
Non-Current Assets:			
Capital Assets	1,170,761		1,170,761
Less: Accumulated Depreciation	(506,355)		(506,355)
Total Non-Current Assets	<u>664,406</u>		<u>664,406</u>
Total Assets	<u>888,774</u>	<u>143,817</u>	<u>1,032,591</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	129,135		129,135
Interfund Payable - General Fund		8,363	8,363
Unearned Revenue - Prepaid Sales	80,134		80,134
Total Current Liabilities	<u>209,269</u>	<u>8,363</u>	<u>217,632</u>
Total Liabilities	<u>209,269</u>	<u>8,363</u>	<u>217,632</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	664,406		664,406
Unrestricted	15,099	135,454	150,553
Total Net Position	<u>\$ 679,505</u>	<u>\$ 135,454</u>	<u>\$ 814,959</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Total</u>
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food Service</u>	<u>Summer Community Education Program</u>	
Operating Revenue:			
Charges for Services:			
Daily Sales:			
Non-Reimbursable Programs	\$ 912,742		\$ 912,742
Program Fees		\$ 72,826	72,826
Total Operating Revenue	<u>912,742</u>	<u>72,826</u>	<u>985,568</u>
Operating Expenses:			
Cost of Sales:			
Non-Reimbursable Programs	458,577		458,577
Salaries	490,867	39,124	529,991
Payroll Taxes	69,875		69,875
Employee Benefits	29,714		29,714
Purchased Property Services	31,592		31,592
Management Fee	51,673		51,673
Insurance	47,906		47,906
Supplies and Materials	58,323	12,315	70,638
Depreciation Expense	152,795		152,795
Total Operating Expenses	<u>1,391,322</u>	<u>51,439</u>	<u>1,442,761</u>
Operating Income/(Loss)	<u>(478,580)</u>	<u>21,387</u>	<u>(457,193)</u>
Non-Operating Revenue:			
Local Sources - Interest Revenue	294	126	420
Total Non-Operating Revenue	<u>294</u>	<u>126</u>	<u>420</u>
Change in Net Position Before Transfer and Other Item	(478,286)	21,513	(456,773)
Transfer In - Board Contribution - General Fund	51,529		51,529
Other Item - Disposal of Capital Assets, Net	(4,206)		(4,206)
Change in Net Position	<u>(430,963)</u>	<u>21,513</u>	<u>(409,450)</u>
Net Position - Beginning of Year	<u>1,110,468</u>	<u>113,941</u>	<u>1,224,409</u>
Net Position - End of Year	<u>\$ 679,505</u>	<u>\$ 135,454</u>	<u>\$ 814,959</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 887,750	\$ 72,826	\$ 960,576
Payments to Employees	(22,853)	(39,124)	(61,977)
Payments to Food Service Vendor	(1,082,747)		(1,082,747)
Payments to Suppliers	(28,373)	(3,952)	(32,325)
Net Cash Provided by/(Used for) Operating Activities	(246,223)	29,750	(216,473)
Cash Flows from Noncapital Financing Activities:			
Federal Sources	34,746		34,746
Net Cash Provided by Noncapital Financing Activities	34,746		34,746
Cash Flows from Investing Activities:			
Interest Revenue	294	126	420
Net Cash Provided by Investing Activities	294	126	420
Net Increase/(Decrease) in Cash and Cash Equivalents	(211,183)	29,876	(181,307)
Cash and Cash Equivalents, July 1	368,923	113,941	482,864
Cash and Cash Equivalents, June 30	\$ 157,740	\$ 143,817	\$ 301,557
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (478,580)	\$ 21,387	\$ (457,193)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	152,795		152,795
Changes in Assets and Liabilities:			
Decrease in Inventory	10,298		10,298
Increase in Accounts Payable	94,256		94,256
Increase in Interfund Payable		8,363	8,363
(Decrease) in Unearned Revenue	(24,992)		(24,992)
Net Cash Provided by/(Used for) Operating Activities	\$ (246,223)	\$ 29,750	\$ (216,473)

**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, 2021	Retired/ Matured	Balance June 30, 2022
			Date	Amount				
School Refunding Bonds	02/11/10	\$ 12,180,000	07/15/22	\$ 740,000	5.000%	\$ 1,905,000	\$ 1,165,000	\$ 740,000
						\$ 1,905,000	\$ 1,165,000	\$ 740,000

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

Item	Interest Rate	Original Issue	(Restated) Balance July 1, 2021	Issued	Retired/ Matured	Balance June 30, 2022
Technology Equipment	3.035%	\$ 608,000	\$ 155,382	\$	155,382	
Technology Equipment	1.993%	625,000	312,439		154,678	\$ 157,761
Technology Equipment	1.255%	643,000	475,314		156,466	318,848
Technology Equipment	1.150%	640,000		\$ 640,000	162,740	477,260
			<u>\$ 943,135</u>	<u>\$ 640,000</u>	<u>\$ 629,266</u>	<u>\$ 953,869</u>

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,231,125		\$ 1,231,125	\$ 1,231,125	
Total Revenues	1,231,125		1,231,125	1,231,125	
EXPENDITURES:					
Regular Debt Service:					
Interest	66,125		66,125	66,125	
Redemption of Principal	1,165,000		1,165,000	1,165,000	
Total Regular Debt Service	1,231,125		1,231,125	1,231,125	
Total Expenditures	1,231,125		1,231,125	1,231,125	
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 annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

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

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 51,174,165
Special Education	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	15,141,345
Other Special Instruction	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	2,193,252
Other Instruction	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	2,621,630
Support Services:										
Tuition	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	8,159,899
Student & Instruction Related Services	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	20,278,177
General Administrative Services	977,288	956,102	995,246	997,976	1,086,903	1,203,243	1,433,354	1,073,592	1,141,228	1,103,060
School Administrative Services	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	5,533,999
Central Services	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	2,036,700
Administrative Information Technology	534,482	452,867	530,507	562,430	582,113	648,683	582,295	725,422	760,411	819,227
Plant Operations and Maintenance	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	8,810,550
Pupil Transportation	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	5,534,211
Charter Schools	12,452	29,914	29,914	13,382	15,619	15,619	36,433	29,893	95,276	81,901
Interest on Long-term Debt	508,890	434,941	385,708	350,352	319,387	240,213	223,271	175,984	96,542	38,282
Unallocated Depreciation	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	1,823,839
Total Governmental Activities Expenses	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	125,350,237
Business-Type Activities:										
Food Service	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	1,391,322
Summer Community Education Program	63,149	52,971	48,441	49,793	52,930	54,022	53,949	56,182		51,439
Total Business-Type Activities Expenses	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	1,442,761
Total District-Wide Expenses	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	126,792,998
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	343,687	106,293	3,493		296,911	340,855	329,565	299,372	188,545	337,235
Instruction (Preschool Tuition)		274,795	224,410	214,459	296,911	29,188	33,063	20,312	315,995	876,342
Student & Instruction Related Services			14,125	26,781	29,687	29,188	33,063	20,312	625	8,500
Pupil Transportation						36,729,234	29,987,004	27,573,466	31,921,378	37,299,860
Operating Grants and Contributions	12,791,667	12,262,293	21,162,898	24,893,790	31,671,333					
Capital Grants and Contributions			819,288	584,459	136				475,926	51,880
Total Governmental Activities Program Revenues	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	38,573,817

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 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	\$ 912,742
Summer Community Education Program	66,470	59,215	42,858	59,352	51,717	55,562	65,295	1,965	26,797	72,826
Operating Grants and Contributions	276,272	274,297	288,009	303,524	330,762	348,875			201,081	
Total Business-Type Activities Revenues	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	985,568
Total District-wide Program Revenues	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	39,559,385
Net (Expense)/Revenue:										
Governmental Activities	(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)	(86,776,420)
Business-Type Activities	42,520	75,617	57,449	137,701	185,402	262,433	146,617	(129,250)	(146,104)	(457,193)
Total District-wide Net (Expense)/Revenue	(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)	(87,233,613)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	95,364,671
Taxes Levied for Debt Service	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	1,231,125
Unrestricted Grants and Contributions	117,930	126,928	234,511	211,565	295,334	295,940	144,503	143,520	159,615	154,054
Investment Earnings	17,010	21,155	23,388	37,390	63,501	173,547	258,470	225,622	42,819	32,322
Miscellaneous Income	299,192	142,137	331,386	369,354	277,219	270,286	356,327	255,807	405,693	235,303
Transfers										(51,529)
Total Governmental Activities General Revenues and Other Changes in Net Position	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	96,965,946
Business-type Activities:										
Investment Earnings	557	577	554	840	1,953	6,329	10,848	9,365	1,062	420
Transfers										51,529
Disposal of Capital Assets, Net				(5,536)	(3,134)	(79,291)	(5,340)			(4,206)
Total Business-type Activities General Revenues and Other Changes in Net Position	557	577	554	(4,696)	(1,181)	(72,962)	5,508	9,365	1,062	47,743
Total District-wide General Revenues and Other Changes in Net Position	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	97,013,689
Change in Net Position:										
Governmental Activities	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	10,189,526
Business-Type Activities	43,077	76,194	58,003	133,005	184,221	189,471	152,125	(119,885)	(145,042)	(409,450)
Total District-Wide Change in Net Position	\$ 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	\$ 9,780,076

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

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

	June 30,				
	2013	2014	2015	2016	2017
General Fund:					
Restricted	\$ 10,667,177	\$ 10,432,126	\$ 13,091,638	\$ 12,917,942	\$ 10,940,585
Assigned	1,191,280	1,448,626	3,102,763	1,551,629	3,945,022
Unassigned	1,880,535	2,034,199	2,109,119	2,571,615	2,733,849
Total General Fund	<u>\$ 13,738,992</u>	<u>\$ 13,914,951</u>	<u>\$ 18,303,520</u>	<u>\$ 17,041,186</u>	<u>\$ 17,619,456</u>
All Other Governmental Funds:					
Restricted	\$ 20,892				
Committed		\$ 1,756,682	\$ 1,909,925	\$ 3,287,831	\$ 357,998
Unassigned/(Deficit)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Total All Other Governmental Funds	<u>\$ 15,942</u>	<u>\$ 1,751,732</u>	<u>\$ 1,904,975</u>	<u>\$ 3,282,881</u>	<u>\$ 353,048</u>
Total Governmental Funds	<u>\$ 13,754,934</u>	<u>\$ 15,666,683</u>	<u>\$ 20,208,495</u>	<u>\$ 20,324,067</u>	<u>\$ 17,972,504</u>
	June 30,				
	2018	2019	2020	2021	2022
General Fund:					
Restricted	\$ 9,401,649	\$ 9,340,861	\$ 8,058,617	\$ 12,182,026	\$ 15,491,614
Assigned	6,673,448	5,530,861	6,720,215	2,360,587	3,488,382
Unassigned	2,869,156	3,122,325	3,334,415	5,624,076	5,787,093
Total General Fund	<u>\$ 18,944,253</u>	<u>\$ 17,994,047</u>	<u>\$ 18,113,247</u>	<u>\$ 20,166,689</u>	<u>\$ 24,767,089</u>
All Other Governmental Funds:					
Restricted			\$ 484,417	\$ 170,765	\$ 182,122
Committed	\$ 344,200				
Unassigned/(Deficit)	(4,950)	\$ (235,887)	(480,876)	(4,950)	(4,950)
Total All Other Governmental Funds	<u>\$ 339,250</u>	<u>\$ (235,887)</u>	<u>\$ 3,541</u>	<u>\$ 165,815</u>	<u>\$ 177,172</u>
Total Governmental Funds	<u>\$ 19,283,503</u>	<u>\$ 17,758,160</u>	<u>\$ 18,116,788</u>	<u>\$ 20,332,504</u>	<u>\$ 24,944,261</u>

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$ 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	\$ 96,595,796
Tuition Charges	343,687	106,293	3,493							
Interest Earnings			23,388	37,390	63,501	173,547	258,470	225,622	42,819	42,819
Miscellaneous	316,202	163,292	345,511	396,135	306,906	299,474	389,390	276,119	406,318	233,306
Local Sources	126,137	438,815	357,105	393,816	472,171	562,571	505,057	397,492	543,480	1,231,107
State Sources	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	30,331,877
Federal Sources	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	2,651,634
Total Revenues	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	131,086,539
Expenditures:										
Instruction:										
Regular Instruction	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	30,003,184
Special Education Instruction	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	9,568,196
Other Special Instruction	713,997	835,441	849,986	911,160	936,319	985,841	1,009,327	1,048,407	1,159,975	1,271,255
School Sponsored/Other Instruction	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	1,611,491
Support Services:										
Tuition	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	8,159,899
Student & Instruction Related Services	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	13,760,418
General Administrative Services	731,459	763,133	774,347	768,763	762,455	809,412	944,062	925,874	873,413	904,344
School Administrative Services	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	3,087,001
Central Services	883,667	963,399	926,432	955,902	984,219	1,004,188	1,036,225	1,082,260	1,162,203	1,262,342
Administrative Information Technology	409,114	364,808	408,248	392,072	386,475	443,510	378,486	463,254	493,676	543,183
Plant Operations and Maintenance	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	7,679,664
Pupil Transportation	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	5,119,784
Allocated Benefits		1,004,782	1,096,682	1,173,506	1,241,365	156,776	165,812	170,878	165,294	178,819
Unallocated Benefits	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	40,266,692
Charter Schools	12,452		29,914	13,382	15,619	15,619	36,433	29,893	95,276	81,901
Capital Outlay	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	2,333,955
Debt Service:										
Principal	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	1,165,000
Interest and Other Charges	499,082	449,650	399,850	356,675	317,125	272,050	224,450	177,250	124,500	66,125
Total Expenditures	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	127,063,253

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	\$ 565,678	\$ 1,361,749	\$ 3,971,812	\$ (531,428)	\$ (3,326,563)	\$ 675,999	\$ (2,433,343)	\$ (1,827,886)	\$ 1,572,716	\$ 4,023,286
Other Financing Sources (Uses):										
Leases (non-budgeted)	800,000	550,000	570,000	647,000	675,000	635,000	608,000	625,000	643,000	640,000
Transfers In		2,960,714	2,024,194	5,701,219	575,954	337,811	97,962	195,582	301,710	124,751
Transfers Out		(2,960,714)	(2,024,194)	(5,701,219)	(575,954)	(337,811)	(97,962)	(195,582)	(301,710)	(176,280)
Total Other Financing Sources (Uses)	800,000	550,000	570,000	647,000	675,000	635,000	608,000	625,000	643,000	588,471
Net Change in Fund Balances	\$ 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	\$ 4,611,757

Debt Service as a Percentage of Noncapital Expenditures	2.0%	2.0%	1.9%	1.7%	1.6%	1.4%	1.3%	1.2%	1.1%	1.0%
---	------	------	------	------	------	------	------	------	------	------

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
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
2022	32,322			8,500	235,303	276,125

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)
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
2021	11,056,800	1,154,628,300	-	-	80,507,700	11,746,700	-	1,257,939,500	475,236	1,258,414,736	56,951,000	1.736	1,299,614,916

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)
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
2021	12,660,800	909,502,300	482,000	5,700	50,955,900	6,131,600	25,561,800	1,005,300,100	788,501	1,006,088,601	220,534,200	7.374	4,454,345,426

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	Total Direct	Borough of Fanwood	Union County	
		Service ^b				
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
2021	1.7139	0.0221	1.736	0.538	0.504	2.778

TOWNSHIP OF SCOTCH PLAINS

Year Ended December 31,	Scotch Plains-Fanwood Regional School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct	Township of Scotch Plains	Union County	
		Service ^b				
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
2021	7.2800	0.0940	7.374	1.732	2.160	11.266

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	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
HCRI NY-NJ Properties	\$ 14,076,500	1	1.12%	\$ 2,464,900	1	1.08%
Fanwood Crossing II, Urban Renewal	7,096,500	2	0.56%			
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	2,869,400	9	0.23%	500,000	9	0.22%
Celtic Capital	3,399,200	10	0.27%	475,000	10	0.21%
105 South Ave LLC - A&P				600,000	6	0.26%
Individual Taxpayer #1				558,200	7	0.24%
Total	\$ 53,006,200		4.21%	\$ 8,421,400		3.69%

TOWNSHIP OF SCOTCH PLAINS

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lamberts Mill Village Associates LLC	\$ 8,400,000	1	0.83%	\$ 8,400,000	1	0.85%
Ashbrook Manor Associates LLC	7,500,000	2	0.75%	7,500,000	2	0.76%
Riverside Village Associates	2,900,000	3	0.29%	2,900,000	4	0.29%
LIDL US Operations LLC	2,696,400	4	0.27%			
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%
HGC Shackamaxon LLC	1,697,800	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%
NJ Golf Partners				3,168,000	3	0.32%
Snuffy Pantagis				2,857,800	5	0.29%
VS Reality				1,243,200	8	0.13%
Greenbrook Plaza				1,146,400	10	0.12%
Total	\$ 31,044,200		3.09%	\$ 32,065,400		3.24%

Note: A revaluation of property was effective in the Borough of Fanwood in 2020.

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	
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 -
2022	21,852,161	21,852,161	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	
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 -
2022	74,743,635	74,743,635	100.00%	- 0 -

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Bond Anticipation Notes (BANs)	Capital Leases	Income ^a			
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	
2022	740,000	- 0 -	953,869	- 0 -	- 0 -	1,693,869	0.08%	53.17	

^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		
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
2022	740,000	- 0 -	740,000	0.033%	23.23

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, 2021
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Fanwood	\$ 20,817,369	100.00%	\$ 20,817,369
Township of Scotch Plains	21,296,453	100.00%	21,296,453
Union County General Obligation Debt (all constituent municipalities)	539,920,860	7.40%	<u>39,959,107</u>
Subtotal, Overlapping Debt			82,072,929
Scotch Plains-Fanwood Regional School District Direct Debt			<u>740,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 82,812,929</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				
	2013	2014	2015	2016	2017
Debt Limit	\$ 202,949,839	\$ 200,407,407	\$ 199,304,824	\$ 201,786,674	\$ 205,930,135
Total Net Debt Applicable to Limit	11,555,000	10,305,000	9,065,000	7,840,000	6,630,000
Legal Debt Margin	<u>\$ 191,394,839</u>	<u>\$ 190,102,407</u>	<u>\$ 190,239,824</u>	<u>\$ 193,946,674</u>	<u>\$ 199,300,135</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.69%	5.14%	4.55%	3.89%	3.22%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 211,806,294	\$ 218,025,314	\$ 223,906,178	\$ 226,990,714	\$ 232,640,199
Total Net Debt Applicable to Limit	5,435,000	4,250,000	3,075,000	1,905,000	740,000
Legal Debt Margin	<u>\$ 206,371,294</u>	<u>\$ 213,775,314</u>	<u>\$ 220,831,178</u>	<u>\$ 225,085,714</u>	<u>\$ 231,900,199</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.57%	1.95%	1.37%	0.84%	0.32%

Legal Debt Margin Calculation for Fiscal Year 2022

Year Ended December 31,	Borough of Fanwood	Township of Scotch Plains	Equalized Valuation Basis
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
2021	1,357,732,866	4,671,468,866	6,029,201,732
	<u>\$ 3,910,502,121</u>	<u>\$ 13,537,512,786</u>	<u>\$ 17,448,014,907</u>
	Average Equalized Valuation of Taxable Property		<u>\$ 5,816,004,969</u>
	Debt Limit (4% of Average Equalization Value) ^a		\$ 232,640,199
	Net Bonded School Debt		<u>740,000</u>
	Legal Debt Margin		<u>\$ 231,900,199</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
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%
2021	7,722 *	70,865 **	547,219,530	4.3%

TOWNSHIP OF SCOTCH PLAINS

Year	Population ^a	Union County Per Capita Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
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%
2021	24,138 *	70,865 **	1,710,539,370	4.7%

* - Latest population available (2020) was used for calculation purposes.

** - 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

<u>Function/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction:										
Regular	369	376	376	369	375	382	385	385	388	392
Special Education	64	66	67	71	75	76	75	77	76	80
Support Services:										
Student & Instruction Related Services	161	162	164	188	203	213	219	225	236	243
General Administrative Services	3	3	3	3	3	3	3	3	3	3
School Administrative Services	32	32	32	31	31	31	31	31	31	32
Plant Operations and Maintenance	65	66	66	66	66	66	66	67	67	66
Pupil Transportation	7	7	7	7	7	7	7	8	8	8
Business and Other Support Services	16	15	16	16	15	15	16	16	16	16
Food Service	2	2	2	2	2	2	1	1	1	1
Total	719	729	733	753	777	795	803	813	826	841

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

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
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%
2022	5,525	123,498,173	22,353	6.35%	472	12:1	11:1	13:1	5,411	5,238	1.83%	96.80%

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

Source: Scotch Plains-Fanwood Regional School District records.

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	426	417	399	422	394	379	411	413	370	400
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	500	496	456	474	516	540	549	536	490	513
Evergreen (1951)										
Square Feet	36,958	36,958	36,958	36,958	44,258	44,258	44,258	44,258	44,258	44,258
Capacity (students)	339	339	339	339	464	464	464	464	464	464
Enrollment	402	386	405	388	407	395	398	399	387	392
William J. McGinn (1973)										
Square Feet	47,182	47,182	47,182	47,182	51,132	51,132	51,132	51,132	51,132	51,132
Capacity (students)	389	389	389	389	451	451	451	451	451	451
Enrollment	485	481	482	494	496	513	512	511	462	503
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	376	380	396	392	397	387	392	381	346	375
<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	932	937	932	913	915	905	909	940	918	898
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	841	825	827	835	830	831	811	827	837	830

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

<u>District Building</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	1,537	1,560	1,573	1,569	1,534	1,557	1,574	1,538	1,483	1,488
<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, 2022:

- 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,									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Howard B. Brunner Elementary	N/A	\$ 79,216	\$ 179,825	\$ 162,404	\$ 88,222	\$ 96,744	\$ 180,597	\$ 85,894	\$ 103,872	\$ 64,095	\$ 106,757
J. Ackerman Coles Elementary	N/A	79,120	103,788	159,913	119,766	250,048	270,083	97,290	205,771	97,172	142,085
Evergreen Elementary	N/A	58,742	108,119	62,731	70,660	232,877	97,639	220,942	126,601	100,979	80,745
William J. McGinn Elementary	N/A	74,028	152,349	156,632	133,765	211,164	101,092	78,598	246,111	81,924	104,210
School One Elementary	N/A	69,976	91,344	296,505	140,961	123,750	68,769	99,688	88,240	77,930	80,745
Park Middle	N/A	193,468	342,075	417,937	250,521	290,992	393,620	267,659	866,825	170,088	248,272
Terrill Middle	N/A	163,245	227,646	535,643	694,554	389,969	364,371	166,641	417,892	159,727	187,962
Scotch Plains-Fanwood High	N/A	963,583	699,144	498,380	525,359	733,975	449,434	802,269	523,376	395,577	513,088
Total School Facilities		\$ 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	\$ 1,463,864

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, 2022
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
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, 2022
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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Scotch Plains-Fanwood Regional School District (the "District"), in the County of Union, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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.

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

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 or significant deficiencies may exist that were not identified.

Report on 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 results 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
October 21, 2022

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell

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

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey's OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
October 21, 2022

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, 2022

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Balance at June 30, 2022	
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Unearned Revenue/ (Accounts Receivable)	Due to Grantor
U.S. Department of Education -									
Passed through State Department of Education:									
Special Revenue Fund:									
Special Education Cluster:									
ID.E.A. - Part B, Basic Regular	84.027	IDEA-4670-22	7/1/21	9/30/22	\$ 1,488,208	\$ 1,252,533	\$ (1,488,208)	\$ (235,675)	
ID.E.A. - Part B, Basic Regular	84.027	IDEA-4670-21	7/1/20	9/30/21	1,397,515	40,114			146,991
ID.E.A. - Part B, Preschool	84.173	IDEA-4670-22	7/1/21	9/30/22	58,156		(58,156)		
ID.E.A. - Part B, Basic Regular - ARP (COVID-19)	84.027X	IDEA-4670-22	7/1/21	9/30/22	273,797	252,570	(252,570)		
ID.E.A. - Part B, Preschool - ARP (COVID-19)	84.173X	IDEA-4670-22	7/1/21	9/30/22	23,377	23,377	(23,377)		
Subtotal Special Education Cluster						1,626,750	(1,822,311)	(235,675)	
Elementary and Secondary Education Act:									
Title I	84.010	ESEA-4670-22	7/1/21	9/30/22	132,605	114,228	(120,833)	(6,605)	
Title I	84.010	ESEA-4670-21	7/1/20	9/30/21	160,050	35,673	(2,499)	(6,605)	
Subtotal Title I						149,901	(123,332)	(6,605)	
Title II A	84.367A	ESEA-4670-22	7/1/21	9/30/22	156,786	54,990	(120,998)	(66,008)	
Title II A	84.367A	ESEA-4670-21	7/1/20	9/30/21	55,419	50,119	(3,532)	(66,008)	
Subtotal Title II A						105,109	(124,530)	(66,008)	
Title III Immigrant	84.365A	ESEA-4670-21	7/1/20	9/30/21	5,336	1,617			
Title III	84.365A	ESEA-4670-22	7/1/21	9/30/22	11,993	2,863	(4,279)	(1,416)	
Title IV	84.186A	ESEA-4670-22	7/1/21	9/30/22	23,382	2,989	(4,156)	(1,167)	
Title IV	84.186A	ESEA-4670-21	7/1/20	9/30/21	6,750	6,750	(2,750)	(1,167)	
Subtotal Title IV						9,739	(6,906)	(1,167)	
Education Stabilization Fund:									
COVID-19 CRRSA - ESSER II	84.425D	S425D210027	3/13/20	9/30/23	377,287	338,818	(341,825)	(3,007)	
COVID-19 ARP Consolidated:									
ESSER III	84.425U	S425U210027	3/13/20	9/30/24	847,929		(266,745)	(266,745)	
Accelerated Learning Coaching and Educator Support	84.425U	S425U210027	3/13/20	9/30/24	437,370		(332)	(332)	
Evidence-Based Summer Learning and Enrichment Activities	84.425U	S425U210027	3/13/20	9/30/24	40,000		(5,009)	(5,009)	
Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	S425U210027	3/13/20	9/30/24	40,000		(1,681)	(1,681)	
Total Education Stabilization Fund						338,818	(615,592)	(276,774)	
Total U. S. Department of Education						2,234,797	(2,696,950)	(587,645)	146,991

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Balance at June 30, 2022	
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor				Unearned Revenue/ (Accounts Receivable)	Amount Provided to Sub- recipients
U.S. Department of Treasury - Passed through State Department of Education: Special Revenue Fund: American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds: ACSERS	21.027	N/A	7/1/21	6/30/22	\$ 44,277			\$ (44,277)			\$ (44,277)	
Total U.S. Department of Treasury												
Total Special Revenue Fund							\$ 2,234,797	(2,741,227)	\$ 146,991		(631,922)	
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	7/1/21	6/30/22	55,450		55,450	(55,450)				
Total U.S. Department of Health and Human Services/Medicaid Cluster/General Fund							55,450	(55,450)				
U.S. Department of Agriculture - Passed-through State Department of Agriculture: Child Nutrition Cluster: Summer Food Service Program: School Breakfast School Lunch Subtotal Child Nutrition Cluster	10.553 10.555	N/A N/A	7/1/20 7/1/20	6/30/21 6/30/21	57,503 143,578		2,446 32,300 34,746	(2,446) (32,300) (34,746)				
Total U.S. Department of Agriculture							34,746					
TOTAL FEDERAL AWARDS							\$ 2,324,993	(2,796,677)	\$ 146,991		(631,922)	\$ - 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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2022		MEMO
		From	To		Budgetary Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	
State Department of Education:												
General Fund:												
Transportation Aid	22-495-034-5120-014	7/1/21	6/30/22	\$ 792,773	\$ 718,186	\$ (72,659)	\$ 718,186	\$ (792,773)		\$ (74,587)	\$ 792,773	
Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	792,773	72,659		72,659					
Special Education Categorical Aid	22-495-034-5120-089	7/1/21	6/30/22	4,266,477	3,865,073	(304,346)	3,865,073	(4,266,477)		(401,404)	4,266,477	
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	3,320,671	304,346		304,346					
Security Aid	22-495-034-5120-084	7/1/21	6/30/22	98,844	89,545	(9,059)	89,545	(98,844)		(9,299)	98,844	
Security Aid	21-495-034-5120-084	7/1/20	6/30/21	98,844	9,059		9,059					
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21	6/30/22	3,316,898	3,366,261	(3,366,261)	3,366,261	(3,316,898)		(3,316,898)	3,316,898	
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20	6/30/21	3,366,261								
Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21	6/30/22	73,660	6,862		6,862	(73,660)		(73,660)	73,660	
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20	6/30/21	61,770								
On-Behalf TPAF Contributions:												
Post-Retirement Medical Pension	22-495-034-5094-001	7/1/21	6/30/22	3,427,446	3,427,446		3,427,446	(3,427,446)			3,427,446	
Pension	22-495-034-5094-002	7/1/21	6/30/22	14,465,657	14,465,657		14,465,657	(14,465,657)			14,465,657	
Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	204,090	204,090		204,090	(204,090)			204,090	
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	6,327	6,327		6,327	(6,327)			6,327	
Reimbursed TPAF Contributions:												
Social Security Aid	22-495-034-5094-003	7/1/21	6/30/22	3,075,029	2,922,354	(143,994)	2,922,354	(3,075,029)		(152,675)	3,075,029	
Social Security Aid	21-495-034-5094-003	7/1/20	6/30/21	2,879,547	143,994		143,994					
NI Schools Development Authority:												
General Fund:												
Securing Our Children's Future Bond Act	N/A	N/A	N/A	309,128	29,601,859	(3,903,181)	29,601,859	(51,880)		(51,880)	29,779,081	
Total General Fund State Aid										(4,080,403)	29,779,081	
State Department of Education:												
Special Revenue Fund:												
NJ Nonpublic Aid:												
Technology Initiative Security Aid	22-100-034-5120-373	7/1/21	6/30/22	37,758	37,758		37,758	(28,426)			28,426	
Security Aid	22-100-034-5120-509	7/1/21	6/30/22	157,325	157,325		157,325	(154,928)			154,928	
Security Aid	21-100-034-5120-509	7/1/20	6/30/21	167,300					\$ (34,131)	\$ 9,332		
Textbook Aid (Chapter 194)	22-100-034-5120-064	7/1/21	6/30/22	53,957	53,957		53,957	(52,728)			52,728	
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20	6/30/21	58,403	622		622		(622)	1,229		
Nursing Services (Chapter 226)	22-100-034-5120-070	7/1/21	6/30/22	100,688	100,688		100,688	(95,268)			95,268	
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20	6/30/21	97,512	13,651				(13,651)	5,420		
Auxiliary Services (Chapter 192):												
Compensatory Education	22-100-034-5120-067	7/1/21	6/30/22	53,837	53,837		53,837	(53,658)			53,658	
Compensatory Education	21-100-034-5120-067	7/1/20	6/30/21	65,318	32,921				(32,921)	179		
Transportation	22-100-034-5120-067	7/1/21	6/30/22	19,588	19,588		19,588	(19,588)				
Transportation	21-100-034-5120-067	7/1/20	6/30/21	5,683								
Home Instruction	22-100-034-5120-067	7/1/21	6/30/22	1,067	1,067		1,067	(5,683)		(5,683)	5,683	
Home Instruction	21-100-034-5120-067	7/1/20	6/30/21	1,067								
Handicapped Services (Chapter 193):												
Supplementary Instruction	22-100-034-5120-066	7/1/21	6/30/22	112,666	112,666		112,666	(93,586)			93,586	
Supplementary Instruction	21-100-034-5120-066	7/1/20	6/30/21	127,088	25,913				(25,913)	19,080		
Examination and Classification	22-100-034-5120-066	7/1/21	6/30/22	99,764	99,764		99,764	(87,604)			87,604	
Examination and Classification	21-100-034-5120-066	7/1/20	6/30/21	140,483	24,732				(24,732)	12,160		
Corrective Speech	22-100-034-5120-066	7/1/21	6/30/22	26,040	26,040		26,040	(14,229)			14,229	
Corrective Speech	21-100-034-5120-066	7/1/20	6/30/21	22,330	365				(365)	11,811		

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balances	Balance at June 30, 2022		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:														
Special Revenue Fund:														
Preschool Education Aid	22-495-034-5120-086	7/1/21	6/30/22	\$ 49,500	\$ (4,950)	\$ 44,550	\$ (49,500)				\$ (4,950)	\$ 49,500		
Preschool Education Aid	21-495-034-5120-086	7/1/20	6/30/21	49,500		4,950								
Total Special Revenue Fund					(6,017)	692,602	(635,610)		(151,923)	(5,683)	61,608	635,610		
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					<u>\$(3,909,198)</u>	<u>\$30,294,461</u>	<u>\$(30,414,691)</u>		<u>\$(151,923)</u>	<u>\$(3,600,796)</u>	<u>\$ 61,608</u>	<u>\$30,414,691</u>	<u>\$(4,091,036)</u>	<u>\$ 30,414,691</u>
Less - State Awards Not Subject to Single Audit Major Program Determination:														
On-Behalf TPAF Pension System Contributions:														
Post-Retirement Medical	22-495-034-5094-001	7/1/21	6/30/22	3,427,446			3,427,446							
Pension	22-495-034-5094-002	7/1/21	6/30/22	14,465,657			14,465,657							
Non-Contributory Insurance	22-495-034-5094-004	7/1/21	6/30/22	204,090			204,090							
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21	6/30/22	6,327			6,327							
Subtotal On-Behalf TPAF Pension System Contributions							18,103,520							
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							<u>\$(12,311,171)</u>							

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, 2022

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, 2022. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(99,226) for the general fund \$(139,542) for the special revenue fund (of which \$(10,911) 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	\$ 55,450	\$ 29,679,855	\$29,735,305
Special Revenue Fund	<u>2,596,184</u>	<u>652,022</u>	<u>3,248,206</u>
Total Financial Assistance	<u>\$ 2,651,634</u>	<u>\$ 30,331,877</u>	<u>\$32,983,511</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, 2022.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- 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 and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance* Required by the Uniform Guidance and NJ OMB 15-08.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB 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:

	Assistance Listing/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 CRRSA - ESSER II	84.425D	3/13/20-9/30/23	\$ 377,287	\$ 341,825
COVID-19 ARP Consolidated:				
ESSER III	84.425U	3/13/20-9/30/24	847,929	266,745
Accelerated Learning Coaching and Educator Support	84.425U	3/13/20-9/30/24	437,370	332
Evidence-Based Summer Learning and Enrichment Activities	84.425U	3/13/20-9/30/24	40,000	5,009
Evidence-Based Comprehensive Beyond the School Day Activities	84.425U	3/13/20-9/30/24	40,000	1,681
Special Education Cluster:				
I.D.E.A. - Part B, Basic:				
Regular	84.027	7/1/21-9/30/22	1,488,208	1,488,208
Regular - ARP (COVID-19)	84.027X	7/1/21-9/30/22	273,797	252,570
Preschool	84.173	7/1/21-9/30/22	58,156	58,156
Preschool - ARP (COVID-19)	84.173X	7/1/21-9/30/22	23,377	23,377

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Summary of Auditors' Results: (Cont'd)

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Special Education				
Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 4,266,477	\$ 4,266,477
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	98,844	98,844
Reimbursed TPAF				
Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	3,075,029	3,075,029

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

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, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.