

**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, 2025**

**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, 2025**

**Prepared by**

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

**Finance Department**

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**INTRODUCTORY SECTION  
(UNAUDITED)**

# The Scotch Plains-Fanwood Public Schools

512 Cedar Street  
SCOTCH PLAINS, NEW JERSEY 07076

November 5, 2025

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, 2025. 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 the 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 2024-2025 school year with an average daily enrollment of 5,583 students, compared to 5,526 students as of June 30, 2024. 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 2024-2025 school year supported a range of initiatives. These included the following: Grade 9 students had their iPads replaced for newer supported models as part of establishing a 4 year device cycle for 1 to 1 with student iPads. 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. Core networking equipment as well as edge switching equipment at the high school was upgraded to support growth and increased capacity.

Mathematics

During the 2024-2025 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. Student growth and achievement continued to be monitored by MAP Math Growth in grade 1-5.

### Language Arts

In the Language Arts Department, the textbook and trade book resource inventory continued to be replenished during the 2024-2025 school year. We also continued to purchase teacher texts to support continued professional development in reading and writing instruction and to support conversations around diversity and inclusion. The department also continued to expand classroom libraries to better facilitate student choice in independent reading. In addition to continuing to diversify and update text collections, elementary teachers in grades K-5 continued to replenish necessary curriculum components. These materials included: Foundations durables and consumables, word study resources, and Developmental Reading Assessment materials. The district implemented a new assessment in Grade 1 - MAP Reading Fluency, to assess early literacy foundational skills. Student growth and achievement continued to be monitored by MAP Reading Growth in grade 2-5.

### Social Studies

The Social Studies Department budget allocations in 2024-25 focused on providing a range of multimedia resources for supporting ongoing revisions to the curriculum based on the changes to the NJSLs and new legislation focused on diversity, equity and inclusion. Books, digital subscriptions and other materials were purchased to support instruction about diverse cultures and experiences. Multimedia sources were purchased to provide students with many access points for the content, most of which can be accessed by students outside of the classroom as well. The department also continued purchasing materials for professional development around the strategic plan-related topics of diversity and equity.

### Science

For the 2024-2025 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 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. Specifically, the department continued with its subscription to *Physics Classroom* to help physics students develop a conceptual understanding and purchased additional LabQuest units to use in laboratory experiments.

### World Languages/ESL

During the 2024-2025 school year the district budget 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 2024-2025 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.

### Health and Physical Education

During the 2024-2025 school year, the budget supported the Health and Physical Education curriculum with financial assistance for all curricular activities and scheduled classes. The budget supported professional development, curriculum re-writing, supplies, athletic equipment, CPR equipment, Driver's Education material, teacher training (CPR and teen Mental Health First Aid), and equipment maintenance.

### Professional Development

The district continued to provide three in-service days of staff development as well as optional summer and after-school workshop opportunities. Staff development also took place in department and faculty meetings, in district study groups, program visitations, and out-of-district workshops. A three-day summer orientation program was provided for all first-year teachers and teachers new to the district, offering essential guidance for new staff. Additionally, a summer and after-school academy remained open to all district professional staff, focusing on strategies to meet the needs of all students.

The 2024-2025 school year marked a comprehensive expansion of professional learning aligned with four strategic goals. The district launched a Culture of Belonging initiative, where all instructional staff engaged in belonging-focused practices training, implementing research-based strategies to strengthen teacher-student relationships and address student mental health concerns. This work was supported through keynote workshops, department-level training, and ongoing observation cycles.

Data literacy became a central focus, with K-5 classroom teachers, Basic Skills/QUEST teachers, and special education staff participating in quarterly data team training sessions. Teachers received support through MAP/DRA assessment training, team data analysis workshops, and individual coaching on intervention planning to better inform instructional decisions.

The district deepened its commitment to inclusive practices through a comprehensive differentiation and inclusion training series. Special education teachers, Child Study Team members, and general education teachers engaged in workshops on differentiation strategies, special education practices, and accommodation implementation, with progress monitored through ongoing meetings.

Instructional practice development centered on mastery of grade-specific mathematical practices and literacy instruction strategies. K-4 classroom teachers, along with math/ELA and special education specialists, participated in targeted professional development pathways, coaching cycles, demonstration lessons, and vertical team meetings to strengthen content knowledge and pedagogical approaches.

The district coaching and mentoring program continued to evolve to meet the changing needs of staff. The arts integration specialist position remained active, providing support for teachers across the curriculum to enhance learning through the arts.

Building on previous work, the district continued to engage in literacy instruction improvements stemming from the consultancy with the Tristate Consortium of Schools. A two-year visit check-in took place in March 2025 to assess progress and identify next steps.

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 award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2025.

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.

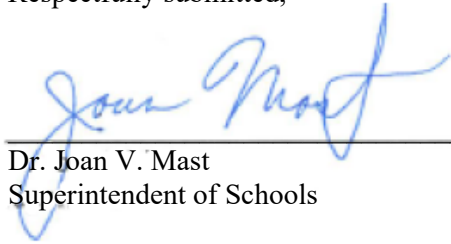
7) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state 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

The Honorable President and Members of  
the Board of Education  
Scotch Plains-Fanwood Regional School District  
Page 6  
November 5, 2025

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,

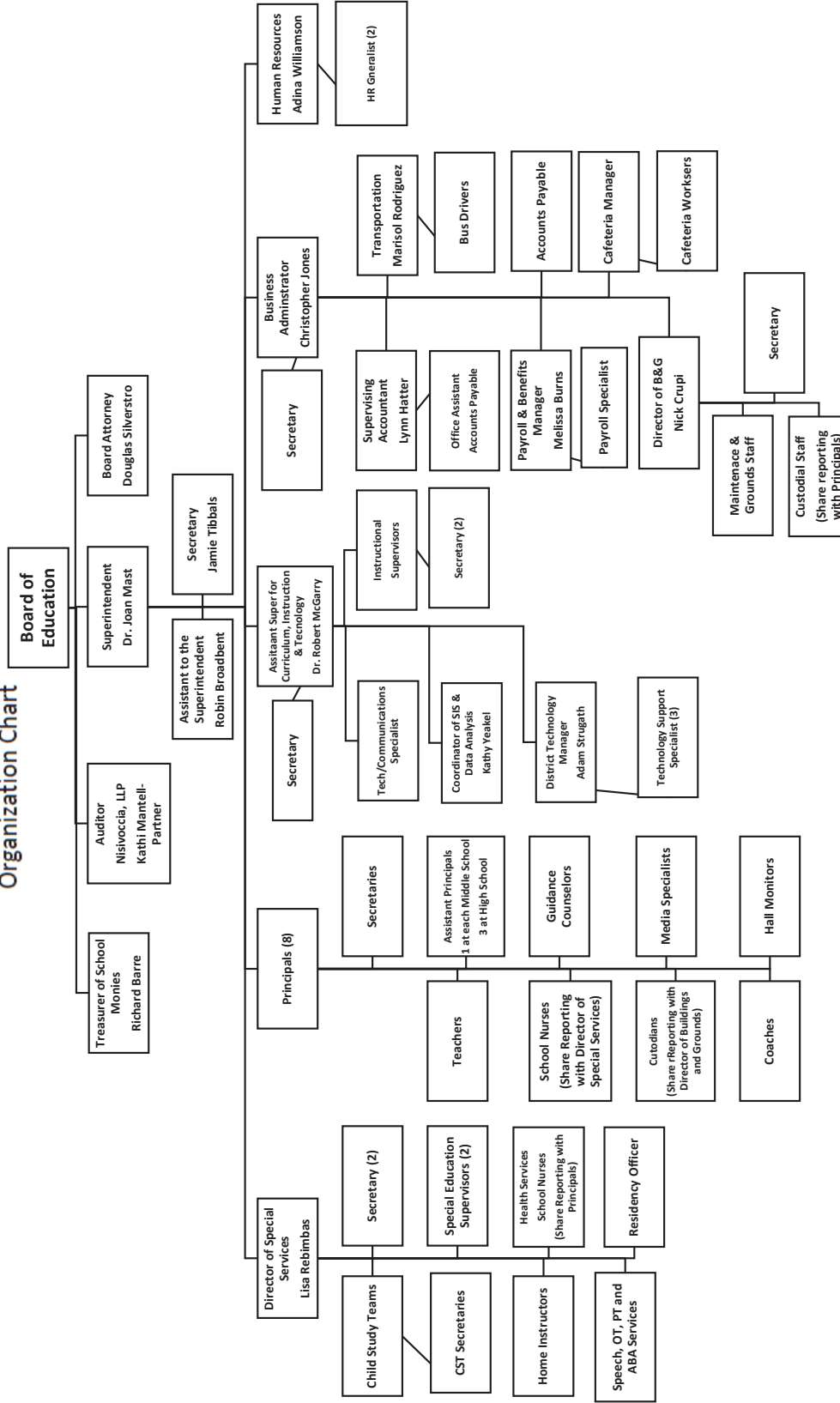


Dr. Joan V. Mast  
Superintendent of Schools



Christopher Jones  
School Business Administrator/Board Secretary

# Scotch Plains-Fanwood Regional School District Organization Chart



**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2025**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|------------------------------------------|---------------------|
| Evan Murray, President                   | 2026                |
| Tonya Williams, Vice President           | 2027                |
| Sonali Barve                             | 2026                |
| Nancy Bauer                              | 2029                |
| Jason Benedict                           | 2029                |
| Amy Boroff                               | 2026                |
| Debora Brody                             | 2027                |
| Dr. Karen Kulikowski                     | 2027                |
| Stephanie Suriani                        | 2029                |

| <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**

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Lyndhurst, NJ 07071-0790

**Architects of Record**

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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**

#### ***Opinions***

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, 2025, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 audit opinions.

#### ***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.

### ***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 November 5, 2025 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  
November 5, 2025

*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, 2025**

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, 2025. 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**

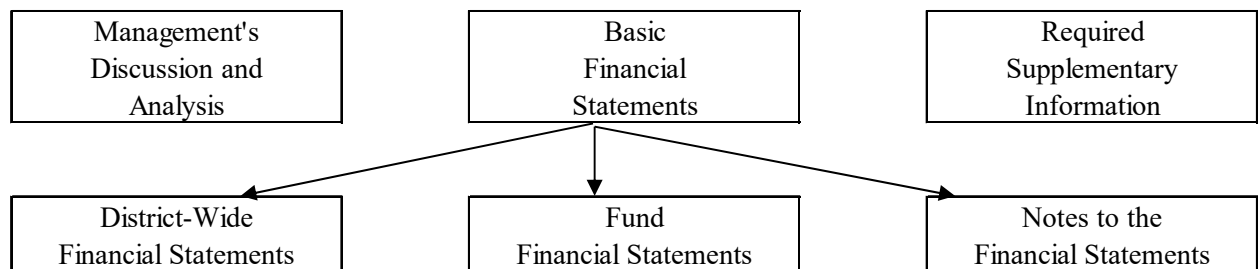


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                                                         | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul> |
| 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, subscription assets or long-term liabilities are 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, 2025**

**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 the District's assets, deferred inflows and outflows, and liabilities. All 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 liabilities) 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, 2025**

**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, 2025 and 2024. The District's *combined* net position was \$46,997,040 on June 30, 2025, \$1,191,638 or 2.60% more than the prior fiscal year. The net position of the governmental activities increased by \$1,188,567 and the net position of the business-type activities increased by \$3,071.

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

|                        | Governmental Activities |               | Business-Type Activities |            | Total School District |               | Percentage        |
|------------------------|-------------------------|---------------|--------------------------|------------|-----------------------|---------------|-------------------|
|                        | 2024/25                 | 2023/24       | 2024/25                  | 2023/24    | 2024/25               | 2023/24       | Change<br>2024/25 |
| Current and            |                         |               |                          |            |                       |               |                   |
| Other Assets           | \$ 40,587,160           | \$ 32,111,523 | \$ 482,296               | \$ 416,660 | \$ 41,069,456         | \$ 32,528,183 |                   |
| Capital Assets, Net    | 64,343,284              | 53,047,441    | 423,461                  | 506,579    | 64,766,745            | 53,554,020    |                   |
| Lease Assets, Net      | 1,307,689               | 1,063,818     |                          |            | 1,307,689             | 1,063,818     |                   |
| Total Assets           | 106,238,133             | 86,222,782    | 905,757                  | 923,239    | 107,143,890           | 87,146,021    | 22.95%            |
| Deferred Outflows of   |                         |               |                          |            |                       |               |                   |
| Resources              | 3,382,179               | 3,452,939     |                          |            | 3,382,179             | 3,452,939     | -2.05%            |
| Other Liabilities      | 4,781,679               | 4,424,107     | 147,185                  | 167,738    | 4,928,864             | 4,591,845     |                   |
| Long-Term Liabilities  | 48,252,303              | 28,597,807    |                          |            | 48,252,303            | 28,597,807    |                   |
| Total Liabilities      | 53,033,982              | 33,021,914    | 147,185                  | 167,738    | 53,181,167            | 33,189,652    | 60.23%            |
| Deferred Inflows of    |                         |               |                          |            |                       |               |                   |
| Resources              | 10,347,862              | 11,603,906    |                          |            | 10,347,862            | 11,603,906    | -10.82%           |
| Net Position:          |                         |               |                          |            |                       |               |                   |
| Net Investment in      |                         |               |                          |            |                       |               |                   |
| Capital Assets         | 44,381,734              | 53,112,601    | 423,461                  | 506,579    | 44,805,195            | 53,619,180    |                   |
| Restricted             | 31,738,248              | 20,565,486    |                          |            | 31,738,248            | 20,565,486    |                   |
| Unrestricted (Deficit) | (29,881,514)            | (28,628,186)  | 335,111                  | 248,922    | (29,546,403)          | (28,379,264)  |                   |
| Total Net Position     | \$ 46,238,468           | \$ 45,049,901 | \$ 758,572               | \$ 755,501 | \$ 46,997,040         | \$ 45,805,402 | 2.60%             |

Figure A-4 represents the *Changes in Net Position*. Net investment in capital assets decreased \$8,813,985 due to school bonds issued of \$20,000,000, new leases of \$754,265, \$2,698,908 of depreciation expense and capital asset disposals of \$12,083, offset by \$13,923,716 in capital assets additions, the maturity of \$483,684 in lease principal and a \$243,871 net increase in unamortized lease assets. Restricted net position increased \$11,172,762 due to net increases in the capital reserve of \$2,640,036, unemployment compensation of \$63,719, student activities of \$66,163 and capital projects fund of \$8,577,258, offset by a net decrease in the maintenance reserve of \$174,414. The deficit in unrestricted net position increased (decreased net position) by \$1,167,139 primarily due to changes in deferred inflows and outflows related to pensions and the District's other post-employment benefits (OPEB) plan, an increase in the compensated absences liability, offset by decreases in the net pension and the District's OPEB plan liabilities, revenues in excess of amounts anticipated and the achievement of various cost savings.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

|                           | Governmental Activities |              | Business-Type Activities |              | Total School District |              | Percentage Change |
|---------------------------|-------------------------|--------------|--------------------------|--------------|-----------------------|--------------|-------------------|
|                           | 2024/25                 | 2023/24      | 2024/25                  | 2023/24      | 2024/25               | 2023/24      | 2024/25           |
| Revenue:                  |                         |              |                          |              |                       |              |                   |
| Program Revenue:          |                         |              |                          |              |                       |              |                   |
| Charges for Services      | \$ 1,492,725            | \$ 1,606,943 | \$ 2,429,096             | \$ 2,327,801 | \$ 3,921,821          | \$ 3,934,744 |                   |
| Grants and Contributions: |                         |              |                          |              |                       |              |                   |
| Operating                 | 23,558,130              | 26,923,001   |                          |              | 23,558,130            | 26,923,001   |                   |
| Capital                   |                         |              |                          |              |                       |              |                   |
| General Revenue:          |                         |              |                          |              |                       |              |                   |
| Property Taxes            | 106,043,502             | 101,758,124  |                          |              | 106,043,502           | 101,758,124  |                   |
| Unrestricted State/       |                         |              |                          |              |                       |              |                   |
| Federal Aid               | 596,683                 | 560,043      |                          |              | 596,683               | 560,043      |                   |
| Other                     | 1,043,840               | 1,107,226    | 8,471                    | 9,340        | 1,052,311             | 1,116,566    |                   |
| Total Revenue             | 132,734,880             | 131,955,337  | 2,437,567                | 2,337,141    | 135,172,447           | 134,292,478  | 0.66%             |
| Expenses:                 |                         |              |                          |              |                       |              |                   |
| Instruction               | 70,239,387              | 70,049,141   |                          |              | 70,239,387            | 70,049,141   |                   |
| Pupil and Instruction     |                         |              |                          |              |                       |              |                   |
| Services                  | 29,042,336              | 30,091,036   |                          |              | 29,042,336            | 30,091,036   |                   |
| Administration and        |                         |              |                          |              |                       |              |                   |
| Business                  | 9,789,022               | 9,172,934    |                          |              | 9,789,022             | 9,172,934    |                   |
| Maintenance and           |                         |              |                          |              |                       |              |                   |
| Operations                | 13,831,915              | 12,053,229   |                          |              | 13,831,915            | 12,053,229   |                   |
| Transportation            | 6,692,949               | 8,855,235    |                          |              | 6,692,949             | 8,855,235    |                   |
| Other                     | 2,351,855               | 2,267,238    | 2,434,496                | 2,423,436    | 4,786,351             | 4,690,674    |                   |
| Total Expenses            | 131,947,464             | 132,488,813  | 2,434,496                | 2,423,436    | 134,381,960           | 134,912,249  | -0.39%            |
| Capital Projects Fund     |                         |              |                          |              |                       |              |                   |
| Reimb. - Capital Res.     | 401,151                 |              |                          |              | 401,151               |              | 100.00%           |
| Change in Net Position    | \$ 1,188,567            | \$ (533,476) | \$ 3,071                 | \$ (86,295)  | \$ 1,191,638          | \$ (619,771) | 292.27%           |

**Governmental Activities**

The financial position of the District's governmental activities increased \$1,188,567 – primarily attributable to the changes in deferred inflows and outflows of resources related to pensions and the District's Other Post-Employment Benefits (OPEB) plan, capital projects activity, an increase in the compensated absences liability, decreases in the net pension and the District's OPEB plan liabilities which are outside the District's control, revenues in excess of amounts anticipated and the achievement of various cost savings. 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.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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  |                       |
|--------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
|                                | 2024/2025              | 2023/2024             | 2024/2025             | 2023/2024             |
| Instruction                    | \$ 70,239,387          | \$ 70,049,141         | \$ 52,154,582         | \$ 49,133,973         |
| Pupil and Instruction Services | 29,042,336             | 30,091,036            | 25,229,595            | 25,608,527            |
| Administration and Business    | 9,789,022              | 9,172,934             | 8,874,146             | 8,045,210             |
| Maintenance and Operations     | 13,831,915             | 12,053,229            | 13,049,171            | 11,063,128            |
| Transportation                 | 6,692,949              | 8,855,235             | 5,237,260             | 7,840,793             |
| Other                          | 2,351,855              | 2,267,238             | 2,351,855             | 2,267,238             |
|                                | <u>\$ 131,947,464</u>  | <u>\$ 132,488,813</u> | <u>\$ 106,896,609</u> | <u>\$ 103,958,869</u> |

**Business-Type Activities**

The net position of the District's business-type activities increased by \$3,071 – which is comprised of a decrease of \$13,092 in the Food Service Fund and an increase of \$16,163 in the Summer Community Education Fund. (Refer to Figure A-4).

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

While the District's financial position increased \$1,191,638 on a District-wide basis, it increased \$7,972,776 on a governmental fund basis. The overall fund balances of the General Fund decreased \$1,977,456 primarily due to utilization of the capital and maintenance reserves, offset by revenues in excess of amounts anticipated and the achievement of various cost savings, the fund balance of the Special Revenue Fund increased \$66,163 and the fund balance of the Capital Projects Fund increased \$9,884,069 due to the new referendum project bond proceeds and new capital project funding, offset by expenditures for these projects.

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.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Capital Assets**

The District's capital assets (net of depreciation) increased by \$11,212,725, or 20.94%, from the previous fiscal year. During the 2024-2025 school year, the District acquired \$13,923,716 in capital assets which were offset by \$2,698,908 in depreciation and \$12,083 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<br>Change |
|----------------------------------------------|-------------------------|----------------------|--------------------------|-------------------|-----------------------|----------------------|----------------------|
|                                              | 2024/25                 | 2023/24              | 2024/25                  | 2023/24           | 2024/25               | 2023/24              |                      |
| Sites (Land)                                 | \$ 449,315              | \$ 449,315           |                          |                   | \$ 449,315            | \$ 449,315           |                      |
| Construction in Progress                     | 11,471,242              |                      |                          |                   | 11,471,242            |                      |                      |
| Buildings and Building<br>Improvements       | 49,034,192              | 49,105,756           |                          |                   | 49,034,192            | 49,105,756           |                      |
| Machinery and Equipment                      | 3,388,535               | 3,492,370            | \$ 423,461               | \$ 506,579        | 3,811,996             | 3,998,949            |                      |
| Total Capital Assets,<br>Net of Depreciation | <u>\$ 64,343,284</u>    | <u>\$ 53,047,441</u> | <u>\$ 423,461</u>        | <u>\$ 506,579</u> | <u>\$ 64,766,745</u>  | <u>\$ 53,554,020</u> | 20.94%               |

**Long-term Liabilities**

The District's long-term liabilities increased by \$19,654,496, or 68.73%, from the previous fiscal year. (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<br>Change |
|-----------------------------------------------------------------|-----------------------|----------------------|----------------------|
|                                                                 | 2024/25               | 2023/24              |                      |
| General Obligation Bonds, Net<br>(Financed with Property Taxes) | \$ 20,000,000         |                      |                      |
| Net Pension Liability                                           | 17,164,159            | \$ 17,721,912        |                      |
| Other Long-Term Liabilities                                     | 11,088,144            | 10,875,895           |                      |
|                                                                 | <u>\$ 48,252,303</u>  | <u>\$ 28,597,807</u> | <u>68.73%</u>        |

- The District's bonded debt increased by \$20,000,000.
- The District's net pension liability decreased by \$557,753.
- The District's other long-term liabilities as of June 30, 2025 are comprised of leases, compensated absences payable and other postemployment benefits.
- The District entered into a \$754,265 lease for Technology Equipment and paid down \$483,684 in lease principal during the fiscal year.
- Compensated absences payable increased overall by \$45,208.
- The District's other postemployment benefits liability decreased by \$103,540.

**SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**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 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.

**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, 2025

|                                                                                | Governmental<br>Activities | Business-type<br>Activities | Total         |
|--------------------------------------------------------------------------------|----------------------------|-----------------------------|---------------|
| <b>ASSETS</b>                                                                  |                            |                             |               |
| Cash and Cash Equivalents                                                      | \$ 11,382,575              | \$ 429,979                  | \$ 11,812,554 |
| Internal Balances                                                              | 3,878                      | (3,878)                     |               |
| Receivables from Other Governments                                             | 4,088,705                  |                             | 4,088,705     |
| Local Tax Levy Receivable                                                      | 5,934,809                  |                             | 5,934,809     |
| Other Receivables                                                              | 16,203                     | 43,636                      | 59,839        |
| Inventory                                                                      |                            | 12,559                      | 12,559        |
| Restricted Cash and Cash Equivalents                                           | 19,160,990                 |                             | 19,160,990    |
| Capital Assets, Net:                                                           |                            |                             |               |
| Sites (Land)                                                                   | 449,315                    |                             | 449,315       |
| Construction in Progress                                                       | 11,471,242                 |                             | 11,471,242    |
| Depreciable Buildings and Building Improvements and<br>Machinery and Equipment | 52,422,727                 | 423,461                     | 52,846,188    |
| Lease Assets, Net                                                              | 1,307,689                  |                             | 1,307,689     |
| Total Assets                                                                   | 106,238,133                | 905,757                     | 107,143,890   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                          |                            |                             |               |
| Deferred Outflows of Resources Related to OPEB                                 | 607,108                    |                             | 607,108       |
| Deferred Outflows of Resources Related to Pensions                             | 2,775,071                  |                             | 2,775,071     |
| Total Deferred Outflows of Resources                                           | 3,382,179                  |                             | 3,382,179     |
| <b>LIABILITIES</b>                                                             |                            |                             |               |
| Payable to State Government                                                    | 48,383                     |                             | 48,383        |
| Accounts Payable                                                               | 3,994,772                  | 40,096                      | 4,034,868     |
| Accrued Interest Payable                                                       | 127,544                    |                             | 127,544       |
| Unearned Revenue                                                               | 610,980                    | 107,089                     | 718,069       |
| Noncurrent Liabilities:                                                        |                            |                             |               |
| Due Within One Year                                                            | 718,033                    |                             | 718,033       |
| Due Beyond One Year                                                            | 47,534,270                 |                             | 47,534,270    |
| Total Liabilities                                                              | 53,033,982                 | 147,185                     | 53,181,167    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                           |                            |                             |               |
| Deferred Inflows of Resources Related to OPEB                                  | 9,135,681                  |                             | 9,135,681     |
| Deferred Inflows of Resources Related to Pensions                              | 1,212,181                  |                             | 1,212,181     |
| Total Deferred Inflows of Resources                                            | 10,347,862                 |                             | 10,347,862    |
| <b>NET POSITION</b>                                                            |                            |                             |               |
| Net Investment in Capital Assets                                               | 44,381,734                 | 423,461                     | 44,805,195    |
| Restricted for:                                                                |                            |                             |               |
| Capital Projects                                                               | 25,366,049                 |                             | 25,366,049    |
| Maintenance                                                                    | 671,956                    |                             | 671,956       |
| Excess Surplus                                                                 | 4,000,000                  |                             | 4,000,000     |
| Unemployment Compensation                                                      | 1,419,244                  |                             | 1,419,244     |
| Student Activities                                                             | 280,999                    |                             | 280,999       |
| Unrestricted (Deficit)                                                         | (29,881,514)               | 335,111                     | (29,546,403)  |
| Total Net Position                                                             | \$ 46,238,468              | \$ 758,572                  | \$ 46,997,040 |

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, 2025

| Functions/Programs                     | Program Revenues |                         |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                 |
|----------------------------------------|------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-----------------|
|                                        | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total           |
| Governmental Activities:               |                  |                         |                                          |                                        |                                                      |                             |                 |
| Instruction:                           |                  |                         |                                          |                                        |                                                      |                             |                 |
| Regular                                | \$ 49,727,191    | \$ 384,474              | \$ 5,525,689                             |                                        | \$ (43,817,028)                                      |                             | \$ (43,817,028) |
| Special Education                      | 15,309,866       |                         | 11,656,342                               |                                        | (3,653,524)                                          |                             | (3,653,524)     |
| Other Special Instruction              | 2,479,683        |                         | 277,781                                  |                                        | (2,201,902)                                          |                             | (2,201,902)     |
| School Sponsored/Other Instruction     | 2,722,647        |                         | 240,519                                  |                                        | (2,482,128)                                          |                             | (2,482,128)     |
| Support Services:                      |                  |                         |                                          |                                        |                                                      |                             |                 |
| Tuition                                | 8,182,252        |                         |                                          |                                        | (8,182,252)                                          |                             | (8,182,252)     |
| Student & Instruction Related Services | 20,860,084       | 1,102,751               | 2,709,990                                |                                        | (17,047,343)                                         |                             | (17,047,343)    |
| General Administrative Services        | 1,523,313        |                         | 62,548                                   |                                        | (1,460,765)                                          |                             | (1,460,765)     |
| School Administrative Services         | 5,201,324        |                         | 612,583                                  |                                        | (4,588,741)                                          |                             | (4,588,741)     |
| Central Services                       | 1,720,730        |                         | 160,583                                  |                                        | (1,560,147)                                          |                             | (1,560,147)     |
| Administrative Information Technology  | 1,343,655        |                         | 79,162                                   |                                        | (1,264,493)                                          |                             | (1,264,493)     |
| Plant Operations and Maintenance       | 13,831,915       |                         | 782,744                                  |                                        | (13,049,171)                                         |                             | (13,049,171)    |
| Pupil Transportation                   | 6,692,949        | 5,500                   | 1,450,189                                |                                        | (5,237,260)                                          |                             | (5,237,260)     |
| Transfer of Funds to Charter Schools   | 109,855          |                         |                                          |                                        | (109,855)                                            |                             | (109,855)       |
| Unallocated Depreciation               | 2,242,000        |                         |                                          |                                        | (2,242,000)                                          |                             | (2,242,000)     |
| Total Governmental Activities          | 131,947,464      | 1,492,725               | 23,558,130                               |                                        | (106,896,609)                                        |                             | (106,896,609)   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

| Functions/Programs                                    | Program Revenues |                         |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |               |
|-------------------------------------------------------|------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|---------------|
|                                                       | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total         |
| Business-Type Activities:                             |                  |                         |                                          |                                        |                                                      |                             |               |
| Food Service                                          | \$ 2,355,662     | \$ 2,337,670            |                                          |                                        | \$ (17,992)                                          | \$ (17,992)                 | (17,992)      |
| Summer Community Education                            | 78,834           | 91,426                  |                                          |                                        | 12,592                                               | 12,592                      | 12,592        |
| Total Business-Type Activities                        | 2,434,496        | 2,429,096               |                                          |                                        | (5,400)                                              | (5,400)                     | (5,400)       |
| Total Primary Government                              | \$ 134,381,960   | \$ 3,921,821            | \$ 23,558,130                            | \$ - 0 -                               | \$ (106,896,609)                                     | (5,400)                     | (106,902,009) |
| General Revenues and Other Item:                      |                  |                         |                                          |                                        |                                                      |                             |               |
| Taxes:                                                |                  |                         |                                          |                                        |                                                      |                             |               |
| Property Taxes, Levied for General Purposes, Net      |                  |                         |                                          |                                        | 106,043,502                                          |                             | 106,043,502   |
| Federal and State Aid not Restricted                  |                  |                         |                                          |                                        | 596,683                                              |                             | 596,683       |
| Investment Earnings                                   |                  |                         |                                          |                                        | 663,409                                              | 8,471                       | 671,880       |
| Miscellaneous Income                                  |                  |                         |                                          |                                        | 380,431                                              |                             | 380,431       |
| Other Item:                                           |                  |                         |                                          |                                        |                                                      |                             |               |
| Capital Projects Fund Reimbursement - Capital Reserve |                  |                         |                                          |                                        | 401,151                                              |                             | 401,151       |
| Total General Revenues                                |                  |                         |                                          |                                        | 108,085,176                                          | 8,471                       | 108,093,647   |
| Change in Net Position                                |                  |                         |                                          |                                        | 1,188,567                                            | 3,071                       | 1,191,638     |
| Net Position - Beginning                              |                  |                         |                                          |                                        | 45,049,901                                           | 755,501                     | 45,805,402    |
| Net Position - Ending                                 |                  |                         |                                          |                                        | \$ 46,238,468                                        | \$ 758,572                  | \$ 46,997,040 |

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

|                                  |
|----------------------------------|
| <b>FUND FINANCIAL STATEMENTS</b> |
|----------------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

|                                                                   | General<br>Fund      | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------|----------------------|----------------------------|-----------------------------|--------------------------------|
| <b>ASSETS</b>                                                     |                      |                            |                             |                                |
| Cash and Cash Equivalents                                         | \$ 1,483,877         |                            | \$ 9,898,698                | \$ 11,382,575                  |
| Interfunds Receivable                                             | 1,100,143            |                            |                             | 1,100,143                      |
| Receivables from Other Governments                                | 2,372,298            | \$ 1,716,407               |                             | 4,088,705                      |
| Local Tax Levy Receivable                                         | 5,934,809            |                            |                             | 5,934,809                      |
| Other Receivables                                                 | 14,563               | 1,640                      |                             | 16,203                         |
| Restricted Cash and Cash Equivalents                              | 18,879,991           | 280,999                    |                             | 19,160,990                     |
| Total Assets                                                      | <u>\$ 29,785,681</u> | <u>\$ 1,999,046</u>        | <u>\$ 9,898,698</u>         | <u>\$ 41,683,425</u>           |
| <b>LIABILITIES AND FUND BALANCES</b>                              |                      |                            |                             |                                |
| Liabilities:                                                      |                      |                            |                             |                                |
| Interfunds Payable                                                |                      | \$ 1,081,636               | \$ 14,629                   | \$ 1,096,265                   |
| Payable to State Government                                       |                      | 48,383                     |                             | 48,383                         |
| Accounts Payable                                                  | \$ 2,175,787         | 124,880                    |                             | 2,300,667                      |
| Unearned Revenue                                                  | 142,882              | 468,098                    |                             | 610,980                        |
| Total Liabilities                                                 | <u>2,318,669</u>     | <u>1,722,997</u>           | <u>14,629</u>               | <u>4,056,295</u>               |
| Fund Balances:                                                    |                      |                            |                             |                                |
| Restricted:                                                       |                      |                            |                             |                                |
| Capital Reserve Account                                           | 16,788,791           |                            |                             | 16,788,791                     |
| Maintenance Reserve Account                                       | 671,956              |                            |                             | 671,956                        |
| Excess Surplus - Designated for<br>Subsequent Year's Expenditures | 2,000,000            |                            |                             | 2,000,000                      |
| Excess Surplus                                                    | 2,000,000            |                            |                             | 2,000,000                      |
| Unemployment Compensation                                         | 1,419,244            |                            |                             | 1,419,244                      |
| Student Activities                                                |                      | 280,999                    |                             | 280,999                        |
| Capital Projects Fund                                             |                      |                            | 8,577,258                   | 8,577,258                      |
| Committed                                                         |                      |                            | 1,306,811                   | 1,306,811                      |
| Assigned:                                                         |                      |                            |                             |                                |
| Encumbrances                                                      | 2,866,966            |                            |                             | 2,866,966                      |
| Unassigned/(Deficit)                                              | 1,720,055            | (4,950)                    |                             | 1,715,105                      |
| Total Fund Balances/(Deficit)                                     | <u>27,467,012</u>    | <u>276,049</u>             | <u>9,884,069</u>            | <u>37,627,130</u>              |
| Total Liabilities and Fund Balances                               | <u>\$ 29,785,681</u> | <u>\$ 1,999,046</u>        | <u>\$ 9,898,698</u>         | <u>\$ 41,683,425</u>           |

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

|                                                                                                                                                                                          |                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total Fund Balances (from Above)                                                                                                                                                         | \$ 37,627,130        |
| Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds                                                                             | 64,343,284           |
| Lease Assets Used in Governmental Activities are not Financial Resources and are not reported in the Funds                                                                               | 1,307,689            |
| 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                                                                                                                                           | 607,108              |
| Deferred Inflows of Resources Related to OPEB                                                                                                                                            | (9,135,681)          |
| 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                                                                   | 1,080,966            |
| Deferred Inflows of Resources Related to Pensions                                                                                                                                        | (1,212,181)          |
| Long-Term Liabilities, including Bonds and Net Pension Liability Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.      | (48,252,303)         |
| Interest on Long-Term Debt is not accrued in the Governmental Funds, but is recognized as an expenditure when due                                                                        | (127,544)            |
| Net Position of Governmental Activities                                                                                                                                                  | <u>\$ 46,238,468</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, 2025

|                                           | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------|-----------------|----------------------------|-----------------------------|--------------------------------|
| <b>REVENUES</b>                           |                 |                            |                             |                                |
| Local Sources:                            |                 |                            |                             |                                |
| Local Tax Levy                            | \$ 106,043,502  |                            |                             | \$ 106,043,502                 |
| Tuition                                   | 23,603          |                            |                             | 23,603                         |
| Transportation Fees from Individuals      | 5,500           |                            |                             | 5,500                          |
| Interest Earned on:                       |                 |                            |                             |                                |
| Capital Reserve Funds                     | 258,445         |                            |                             | 258,445                        |
| Maintenance Reserve Funds                 | 22,553          |                            |                             | 22,553                         |
| Miscellaneous Revenues                    | 748,213         | \$ 1,502,244               | \$ 14,629                   | 2,265,086                      |
| Total - Local Sources                     | 107,101,816     | 1,502,244                  | 14,629                      | 108,618,689                    |
| State Sources                             | 33,655,483      | 699,468                    |                             | 34,354,951                     |
| Federal Sources                           | 37,334          | 2,044,763                  |                             | 2,082,097                      |
| Total Revenues                            | 140,794,633     | 4,246,475                  | 14,629                      | 145,055,737                    |
| <b>EXPENDITURES</b>                       |                 |                            |                             |                                |
| Current:                                  |                 |                            |                             |                                |
| Regular Instruction                       | 32,020,878      | 724,517                    |                             | 32,745,395                     |
| Special Education Instruction             | 9,143,452       | 1,390,452                  |                             | 10,533,904                     |
| Other Special Instruction                 | 1,611,030       |                            |                             | 1,611,030                      |
| School Sponsored/Other Instruction        | 1,865,966       |                            |                             | 1,865,966                      |
| Support Services and Undistributed Costs: |                 |                            |                             |                                |
| Tuition                                   | 8,182,252       |                            |                             | 8,182,252                      |
| Student & Instruction Related Services    | 13,465,406      | 2,136,273                  |                             | 15,601,679                     |
| General Administrative Services           | 1,001,429       |                            |                             | 1,001,429                      |
| School Administrative Services            | 3,572,061       |                            |                             | 3,572,061                      |
| Central Services                          | 1,222,513       |                            |                             | 1,222,513                      |
| Administration Information Technology     | 720,458         |                            |                             | 720,458                        |
| Plant Operations and Maintenance          | 9,175,112       |                            |                             | 9,175,112                      |
| Pupil Transportation                      | 6,267,962       |                            |                             | 6,267,962                      |
| Allocated Benefits                        | 228,722         |                            |                             | 228,722                        |
| Unallocated Benefits                      | 47,795,568      |                            |                             | 47,795,568                     |
| Transfer of Funds to Charter Schools      | 109,855         |                            |                             | 109,855                        |
| Capital Outlay                            | 6,133,229       |                            | 11,471,242                  | 17,604,471                     |
| Total Expenditures                        | 142,515,893     | 4,251,242                  | 11,471,242                  | 158,238,377                    |
| Excess/(Deficiency) of Revenues           |                 |                            |                             |                                |
| Over/(Under) Expenditures                 | (1,721,260)     | (4,767)                    | (11,456,613)                | (13,182,640)                   |
| <b>OTHER FINANCING SOURCES/(USES)</b>     |                 |                            |                             |                                |
| Leases (Non-Budgeted)                     | 754,265         |                            |                             | 754,265                        |
| Proceeds from School Bonds                |                 |                            | 20,000,000                  | 20,000,000                     |
| Capital Projects Fund Reimbursement:      |                 |                            |                             |                                |
| Capital Reserve                           | 401,151         |                            |                             | 401,151                        |
| Transfers In                              | 14,629          | 70,930                     | 1,355,311                   | 1,440,870                      |
| Transfers Out                             | (1,426,241)     |                            | (14,629)                    | (1,440,870)                    |
| Total Other Financing Sources/(Uses)      | (256,196)       | 70,930                     | 21,340,682                  | 21,155,416                     |
| Net Change in Fund Balances               | (1,977,456)     | 66,163                     | 9,884,069                   | 7,972,776                      |
| Fund Balance - July 1                     | 29,444,468      | 209,886                    |                             | 29,654,354                     |
| Fund Balance - June 30                    | \$ 27,467,012   | \$ 276,049                 | \$ 9,884,069                | \$ 37,627,130                  |

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, 2025

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 7,972,776

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                                        | \$ (2,615,790)  |
| Capital asset additions                                     | 14,677,981      |
| Disposal of Capital Assets, Net of Accumulated Depreciation | <u>(12,083)</u> |
|                                                             | 12,050,108      |

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 the 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  | (510,394)      |
| Lease asset additions | <u>754,265</u> |
|                       | 243,871        |

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.

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.  
Proceeds of long-term debt

(1,508,530)

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.

(20,000,000)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

483,684

(93,661)

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                              | 557,753 |
| Change in Deferred Outflows of Resources Related to Pensions | 334,576 |
| Change in Deferred Inflows of Resources Related to Pensions  | 341,808 |

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, 2025

(Continued)

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                                        | \$ 103,540                 |
| Change in Deferred Outflows of Resources Related to OPEB        | (166,386)                  |
| Change in Deferred Inflows of Resources Related to OPEB         | 914,236                    |
|                                                                 | <u>(45,208)</u>            |
| Change in Net Position of Governmental Activities (Exhibit A-2) | <u><u>\$ 1,188,567</u></u> |

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 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, 2025

|                                  | <u>Business-Type Activities - Enterprise Funds</u> |                       |               |
|----------------------------------|----------------------------------------------------|-----------------------|---------------|
|                                  | <u>Major Fund</u>                                  |                       |               |
|                                  | <u>Food Service</u>                                | <u>Non-Major Fund</u> | <u>Totals</u> |
| <b>ASSETS:</b>                   |                                                    |                       |               |
| Current Assets:                  |                                                    |                       |               |
| Cash and Cash Equivalents        | \$ 210,170                                         | \$ 219,809            | \$ 429,979    |
| Accounts Receivable:             |                                                    |                       |               |
| Other - Student                  | 43,636                                             |                       | 43,636        |
| Inventories                      | 12,559                                             |                       | 12,559        |
| Total Current Assets             | 266,365                                            | 219,809               | 486,174       |
| Non-Current Assets:              |                                                    |                       |               |
| Capital Assets                   | 1,179,509                                          |                       | 1,179,509     |
| Less: Accumulated Depreciation   | (756,048)                                          |                       | (756,048)     |
| Total Non-Current Assets         | 423,461                                            |                       | 423,461       |
| Total Assets                     | 689,826                                            | 219,809               | 909,635       |
| <b>LIABILITIES:</b>              |                                                    |                       |               |
| Current Liabilities:             |                                                    |                       |               |
| Accounts Payable - Vendors       | 40,096                                             |                       | 40,096        |
| Interfund Payable - General Fund |                                                    | 3,878                 | 3,878         |
| Unearned Revenue:                |                                                    |                       |               |
| Prepaid Sales                    | 107,089                                            |                       | 107,089       |
| Total Current Liabilities        | 147,185                                            | 3,878                 | 151,063       |
| Total Liabilities                | 147,185                                            | 3,878                 | 151,063       |
| <b>NET POSITION:</b>             |                                                    |                       |               |
| Investment in Capital Assets     | 423,461                                            |                       | 423,461       |
| Unrestricted                     | 119,180                                            | 215,931               | 335,111       |
| Total Net Position               | \$ 542,641                                         | \$ 215,931            | \$ 758,572    |

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, 2025

|                                  | <u>Business-Type Activities - Enterprise Funds</u> |                   |                   |
|----------------------------------|----------------------------------------------------|-------------------|-------------------|
|                                  | <u>Major Fund</u>                                  |                   |                   |
|                                  | <u>Food</u>                                        | <u>Non-Major</u>  |                   |
|                                  | <u>Service</u>                                     | <u>Fund</u>       | <u>Totals</u>     |
| Operating Revenue:               |                                                    |                   |                   |
| Charges for Services:            |                                                    |                   |                   |
| Daily Sales:                     |                                                    |                   |                   |
| Non-Reimbursable Programs        | \$ 2,321,253                                       |                   | \$ 2,321,253      |
| Special Events                   | 16,417                                             |                   | 16,417            |
| Program Fees                     |                                                    | \$ 91,426         | 91,426            |
| Total Operating Revenue          | <u>2,337,670</u>                                   | <u>91,426</u>     | <u>2,429,096</u>  |
| Operating Expenses:              |                                                    |                   |                   |
| Cost of Sales:                   |                                                    |                   |                   |
| Non-Reimbursable Programs        | 1,011,730                                          |                   | 1,011,730         |
| Salaries                         | 755,912                                            | 65,608            | 821,520           |
| Payroll Taxes                    | 116,182                                            |                   | 116,182           |
| Employee Benefits                | 52,918                                             |                   | 52,918            |
| Purchased Property Services      | 11,415                                             |                   | 11,415            |
| Management Fee                   | 149,984                                            |                   | 149,984           |
| Insurance                        | 86,127                                             |                   | 86,127            |
| Supplies and Materials           | 88,276                                             | 13,226            | 101,502           |
| Depreciation Expense             | 83,118                                             |                   | 83,118            |
| Total Operating Expenses         | <u>2,355,662</u>                                   | <u>78,834</u>     | <u>2,434,496</u>  |
| Operating Income/(Loss)          | <u>(17,992)</u>                                    | <u>12,592</u>     | <u>(5,400)</u>    |
| Non-Operating Revenue:           |                                                    |                   |                   |
| Local Sources - Interest Revenue | <u>4,900</u>                                       | <u>3,571</u>      | <u>8,471</u>      |
| Total Non-Operating Revenue      | <u>4,900</u>                                       | <u>3,571</u>      | <u>8,471</u>      |
| Change in Net Position           | (13,092)                                           | 16,163            | 3,071             |
| Net Position - Beginning of Year | <u>555,733</u>                                     | <u>199,768</u>    | <u>755,501</u>    |
| Net Position - End of Year       | <u>\$ 542,641</u>                                  | <u>\$ 215,931</u> | <u>\$ 758,572</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, 2025

|                                                                                                  | Business-Type Activities - Enterprise Funds |                   |                   |
|--------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------|-------------------|
|                                                                                                  | Major Fund                                  |                   |                   |
|                                                                                                  | Food<br>Service                             | Non-Major<br>Fund | Totals            |
| Cash Flows from Operating Activities:                                                            |                                             |                   |                   |
| Receipts from Customers                                                                          | \$ 2,330,014                                | \$ 84,632         | \$ 2,414,646      |
| Payments to Employees                                                                            |                                             | (65,608)          | (65,608)          |
| Payments to Food Service Vendor                                                                  | (2,284,690)                                 |                   | (2,284,690)       |
| Payments to Suppliers                                                                            | (11,790)                                    | (14,647)          | (26,437)          |
| Net Cash Provided by Operating Activities                                                        | 33,534                                      | 4,377             | 37,911            |
| Cash Flows from Investing Activities:                                                            |                                             |                   |                   |
| Interest Revenue                                                                                 | 4,900                                       | 3,571             | 8,471             |
| Net Cash Provided by Investing Activities                                                        | 4,900                                       | 3,571             | 8,471             |
| Net Increase in Cash and Cash Equivalents                                                        | 38,434                                      | 7,948             | 46,382            |
| Cash and Cash Equivalents, July 1                                                                | 171,736                                     | 211,861           | 383,597           |
| Cash and Cash Equivalents, June 30                                                               | <u>\$ 210,170</u>                           | <u>\$ 219,809</u> | <u>\$ 429,979</u> |
| Reconciliation of Operating Income/(Loss) to Net Cash<br>Provided by Operating Activities:       |                                             |                   |                   |
| Operating Income/(Loss)                                                                          | \$ (17,992)                                 | \$ 12,592         | \$ (5,400)        |
| Adjustment to Reconcile Operating Income/(Loss) to<br>Net Cash Provided by Operating Activities: |                                             |                   |                   |
| Depreciation                                                                                     | 83,118                                      |                   | 83,118            |
| Changes in Assets and Liabilities:                                                               |                                             |                   |                   |
| (Increase) in Accounts Receivable                                                                | (11,948)                                    |                   | (11,948)          |
| Decrease in Inventory                                                                            | 909                                         |                   | 909               |
| (Decrease) in Accounts Payable                                                                   | (24,845)                                    |                   | (24,845)          |
| (Decrease) in Interfund Payable                                                                  |                                             | (8,215)           | (8,215)           |
| Increase in Unearned Revenue                                                                     | 4,292                                       |                   | 4,292             |
| Net Cash Provided by Operating Activities                                                        | <u>\$ 33,534</u>                            | <u>\$ 4,377</u>   | <u>\$ 37,911</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, 2025

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, 2025  
(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, 2025  
(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, lease assets or subscription 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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

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

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, lease asset or subscription 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 and Special Revenue Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, except for 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

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

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.

|                                                                                                                                                                                                                            | General<br>Fund       | Special<br>Revenue<br>Fund |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------|
| Sources/Inflows of Resources:                                                                                                                                                                                              |                       |                            |
| Actual Amounts (Budgetary Basis) "Revenue" from the<br>Budgetary Comparison Schedule                                                                                                                                       | \$ 140,912,008        | \$ 4,169,464               |
| Difference - Budget to GAAP:                                                                                                                                                                                               |                       |                            |
| Grant accounting budgetary basis differs from GAAP in that the<br>budgetary basis recognizes encumbrances as expenditures and<br>revenue, whereas the GAAP basis does not.                                                 |                       |                            |
| Current Year Encumbrances                                                                                                                                                                                                  |                       | (45,142)                   |
| Prior Year Encumbrances                                                                                                                                                                                                    |                       | 122,508                    |
| Cancellation of Prior Year Encumbrances                                                                                                                                                                                    |                       | (355)                      |
| Prior Year State aid payments recognized for GAAP statements,<br>not recognized for budgetary purposes                                                                                                                     | 707,581               | 4,950                      |
| Current Year State aid payments recognized for budgetary purposes,<br>not recognized for GAAP statements                                                                                                                   | (824,956)             | (4,950)                    |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds                                                                                                 | <u>\$ 140,794,633</u> | <u>\$ 4,246,475</u>        |
| Uses/Outflows of Resources:                                                                                                                                                                                                |                       |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule                                                                                                                                | \$ 142,515,893        | \$ 4,174,231               |
| Differences - Budget to GAAP:                                                                                                                                                                                              |                       |                            |
| Encumbrances for Supplies and Equipment ordered but not received<br>are reported in the year the order is placed for budgetary purposes,<br>but in the year the supplies are received for financial reporting<br>purposes. |                       |                            |
| Current Year Encumbrances                                                                                                                                                                                                  |                       | (45,142)                   |
| Prior Year Encumbrances                                                                                                                                                                                                    |                       | 122,508                    |
| Cancellation of Prior Year Encumbrances                                                                                                                                                                                    |                       | (355)                      |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds                                                                                            | <u>\$ 142,515,893</u> | <u>\$ 4,251,242</u>        |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

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.

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, 2025.

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:

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

K. Capital Assets: (Cont'd)

|                               | <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.

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 is 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. Subscription Assets:

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. 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.

O. 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, 2025.

P. 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

P. Compensated Absences: (Cont'd)

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.

Q. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1D regarding the Special Revenue Fund.

R. 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.

S. Subscriptions Payable:

In the district-wide financial statements, subscriptions payable are reported as liabilities in the Statement of Net Position. In the Governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

T. Fund Balance Appropriated:

General Fund: Of the \$27,467,012 General Fund balance at June 30, 2025, \$2,866,966 is assigned for encumbrances; \$16,788,791 is restricted for the capital reserve account; \$671,956 is restricted for the maintenance reserve account; \$1,419,244 is restricted for unemployment compensation; \$4,000,000 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (\$2,000,000 is prior year excess surplus which is included as anticipated budget revenue for the fiscal year ending June 30, 2026 and \$2,000,000 is current year excess surplus which will be included as anticipated budget revenue for the fiscal year ending June 30, 2027); and \$1,720,055 is unassigned which is \$824,956 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, 2026.

Special Revenue Fund: Of the \$276,049 fund balance at June 30, 2025, \$280,999 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, 2026.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: Of the \$9,884,069 fund balance at June 30, 2025, \$8,577,258 is restricted and \$1,306,811 is committed.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2025 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.

U. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by the 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.

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, excess surplus and unemployment compensation in the General Fund, for student activities in the Special Revenue Fund and for the bonded project in the Capital Projects 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 committed resources for a Capital Projects Fund project at June 30, 2025.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

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

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2025.

V. Deficit Fund Balance/Net Position:

The District has a deficit Unassigned fund balance as of June 30, 2025 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 1T on the previous page. The District's governmental activities has a \$29,881,514 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 1T on the previous page, the accrual of compensated absences payable, other post-employment benefits (OPEB) payable, accrued interest payable, 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.

W. 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, 2025 related to pensions and OPEB.

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, 2025 related to pensions and OPEB.

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, and subscription 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 and 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on an 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 both measurable and available at fiscal year-end: property taxes, interest and tuition.

Y. 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.

Z. 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.

AA. Pensions

For purposes of measuring the net pension liability, deferred outflows and 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

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
- (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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(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)

- (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.

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

|                   | Cash and Cash<br>Equivalents | Restricted<br>Cash and Cash<br>Equivalents | Total                |
|-------------------|------------------------------|--------------------------------------------|----------------------|
| Checking Accounts | <u>\$ 11,812,554</u>         | <u>\$ 19,160,990</u>                       | <u>\$ 30,973,544</u> |

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025 was \$30,973,544 and the bank balance was \$32,989,526.

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).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2024 to June 30, 2025 fiscal year is as follows:

|                                             |                      |
|---------------------------------------------|----------------------|
| Beginning Balance, July 1, 2024             | \$ 14,148,755        |
| Interest Earnings                           | 258,445              |
| Deposit by Board Resolution - June 18, 2025 | 4,179,393            |
| Unexpended Capital Outlay Funds Returned    | 1,183,709            |
| Capital Projects Fund Reimbursement         | 401,151              |
| Withdrawals by Board Resolution:            |                      |
| Capital Outlay                              | (1,502,351)          |
| Capital Projects Fund                       | (1,880,311)          |
| Ending Balance, June 30, 2025               | <u>\$ 16,788,791</u> |

The balance in the capital reserve account at June 30, 2025 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.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2024 to June 30, 2025 fiscal year is as follows:

|                                     |                   |
|-------------------------------------|-------------------|
| Beginning Balance, July 1, 2024     | \$ 846,370        |
| Interest Earnings                   | 22,553            |
| Unexpended Withdrawals Returned     | 73,033            |
| Withdrawals by Budget Appropriation | (20,000)          |
| Withdrawals by Board Resolution     | <u>(250,000)</u>  |
| Ending Balance, June 30, 2025       | <u>\$ 671,956</u> |

NOTE 6. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2025 were as follows:

|                                                                          | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Adjustments/<br/>Decreases</u> | <u>Ending<br/>Balance</u> |
|--------------------------------------------------------------------------|------------------------------|-------------------|-----------------------------------|---------------------------|
| Governmental Activities:                                                 |                              |                   |                                   |                           |
| Lease Assets Being Amortized:                                            |                              |                   |                                   |                           |
| Machinery and Equipment                                                  | <u>\$ 2,631,000</u>          | <u>\$ 754,265</u> | <u>\$ (643,000)</u>               | <u>\$ 2,742,265</u>       |
| Total Lease Assets Being Amortized                                       | <u>2,631,000</u>             | <u>754,265</u>    | <u>(643,000)</u>                  | <u>2,742,265</u>          |
| Governmental Activities Lease Assets                                     | <u>2,631,000</u>             | <u>754,265</u>    | <u>(643,000)</u>                  | <u>2,742,265</u>          |
| Less Accumulated Amortization for:                                       |                              |                   |                                   |                           |
| Machinery and Equipment                                                  | <u>(1,567,182)</u>           | <u>(510,394)</u>  | <u>643,000</u>                    | <u>(1,434,576)</u>        |
|                                                                          | <u>(1,567,182)</u>           | <u>(510,394)</u>  | <u>643,000</u>                    | <u>(1,434,576)</u>        |
| Governmental Activities Lease Assets,<br>Net of Accumulated Amortization | <u>\$ 1,063,818</u>          | <u>\$ 243,871</u> | <u>\$ - 0 -</u>                   | <u>\$ 1,307,689</u>       |

Amortization expense was charged to governmental functions as follows:

|                     |                   |
|---------------------|-------------------|
| Regular Instruction | <u>\$ 510,394</u> |
|---------------------|-------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

|                                                                             | Beginning<br>Balance | Increases     | Adjustments/<br>Decreases | Ending<br>Balance |
|-----------------------------------------------------------------------------|----------------------|---------------|---------------------------|-------------------|
| Governmental Activities:                                                    |                      |               |                           |                   |
| Capital Assets not Being Depreciated:                                       |                      |               |                           |                   |
| Sites (Land)                                                                | \$ 449,315           |               |                           | \$ 449,315        |
| Construction in Progress                                                    |                      | \$ 11,471,242 |                           | 11,471,242        |
| Total Capital Assets Not Being Depreciated                                  | 449,315              | 11,471,242    |                           | 11,920,557        |
| Capital Assets Being Depreciated:                                           |                      |               |                           |                   |
| Buildings and Building Improvements                                         | 80,869,826           | 2,008,308     |                           | 82,878,134        |
| Machinery and Equipment                                                     | 8,422,685            | 444,166       | \$ (181,345)              | 8,685,506         |
| Total Capital Assets Being Depreciated                                      | 89,292,511           | 2,452,474     | (181,345)                 | 91,563,640        |
| Governmental Activities Capital Assets                                      | 89,741,826           | 13,923,716    | (181,345)                 | 103,484,197       |
| Less Accumulated Depreciation for:                                          |                      |               |                           |                   |
| Buildings and Building Improvements                                         | (31,764,070)         | (2,079,872)   |                           | (33,843,942)      |
| Machinery and Equipment                                                     | (4,930,315)          | (535,918)     | 169,262                   | (5,296,971)       |
|                                                                             | (36,694,385)         | (2,615,790)   | 169,262                   | (39,140,913)      |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation  | \$ 53,047,441        | \$ 11,307,926 | \$ (12,083)               | \$ 64,343,284     |
|                                                                             | Beginning<br>Balance | Increases     | Adjustments/<br>Decreases | Ending<br>Balance |
| Business Type Activities:                                                   |                      |               |                           |                   |
| Capital Assets Being Depreciated:                                           |                      |               |                           |                   |
| Machinery and Equipment                                                     | \$ 1,181,622         |               | \$ (2,113)                | \$ 1,179,509      |
| Less Accumulated Depreciation                                               | (675,043)            | (83,118)      | 2,113                     | (756,048)         |
| Business Type Activities Capital Assets,<br>Net of Accumulated Depreciation | \$ 506,579           | \$ (83,118)   | \$ - 0 -                  | \$ 423,461        |

In the current year, the District acquired \$13,923,716 of capital assets which were offset by \$2,615,790 of depreciation and \$12,083 of disposals related to its Governmental Activities. The District depreciated \$83,118 of its capital assets related to its Business Type Activities. As of June 30, 2025, the District had two active construction projects for \$46,125,311 with a balance of \$34,654,069, including \$4,427,019 of outstanding construction encumbrances.

Depreciation expense was charged to governmental functions as follows:

|                                          |                     |
|------------------------------------------|---------------------|
| Other Instruction                        | \$ 106,448          |
| Special Education Instruction            | 380                 |
| Student and Instruction Related Services | 1,216               |
| General Administrative Services          | 53,374              |
| Plant Operations and Maintenance         | 99,836              |
| Pupil Transportation                     | 112,536             |
| Unallocated                              | 2,242,000           |
|                                          | <u>\$ 2,615,790</u> |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 8: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2025, the District transferred \$480,384 to the capital outlay accounts for equipment which did not require County Superintendent approval and \$1,512,351 and \$1,880,311 in Board approved withdrawals from capital reserve to the capital outlay accounts for facilities acquisition and construction services and to transfers out for capital projects, respectively.

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the District-wide financial statements:

|                                        | Balance<br>6/30/2024 | Issued/<br>Accrued  | Retired             | Balance<br>6/30/2025 |
|----------------------------------------|----------------------|---------------------|---------------------|----------------------|
| Serial Bonds Payable                   |                      | \$20,000,000        |                     | \$20,000,000         |
| Leases Payable                         | \$ 998,658           | 754,265             | \$ 483,684          | 1,269,239            |
| Compensated Absences Payable           | 3,030,386            | 178,493             | 133,285             | 3,075,594            |
| Net Pension Liability                  | 17,721,912           |                     | 557,753             | 17,164,159           |
| Other Post-Employment Benefits Payable | 6,846,851            |                     | 103,540             | 6,743,311            |
|                                        | <u>\$28,597,807</u>  | <u>\$20,932,758</u> | <u>\$ 1,278,262</u> | <u>\$48,252,303</u>  |

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund.

On May 7, 2025, the District issued \$20,000,000 in School Bonds dated May 15, 2025, in connection with the January 28, 2025, voter approved \$44,770,000 bond referendum project. The School Bonds have an interest rate between 4.25% and 4.375% and payments of interest commence October 16, 2025 and payments of principal commence April 15, 2027. Principal payments continue annually on April 15 and interest payments continue each April 15 and October 15 until the final maturity date of April 15, 2055.

The District had bonds outstanding as of June 30, 2025 as follows:

| Purpose      | Date of<br>Issue | Final<br>Maturity | Interest<br>Rate | Amount               |
|--------------|------------------|-------------------|------------------|----------------------|
| School Bonds | 05/15/25         | 04/15/55          | 4.25% - 4.375%   | <u>\$ 20,000,000</u> |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

| Fiscal<br>Year Ended<br>June 30, | Principal            | Interest             | Total                |
|----------------------------------|----------------------|----------------------|----------------------|
| 2026                             |                      | \$ 787,371           | \$ 787,371           |
| 2027                             | \$ 535,000           | 858,950              | 1,393,950            |
| 2028                             | 450,000              | 836,213              | 1,286,213            |
| 2029                             | 470,000              | 817,088              | 1,287,088            |
| 2030                             | 485,000              | 797,113              | 1,282,113            |
| Thereafter:                      |                      |                      |                      |
| 2031-2035                        | 2,615,000            | 3,666,388            | 6,281,388            |
| 2036-2040                        | 3,030,000            | 3,077,975            | 6,107,975            |
| 2041-2045                        | 3,610,000            | 2,388,200            | 5,998,200            |
| 2046-2050                        | 4,305,000            | 1,557,025            | 5,862,025            |
| 2051-2055                        | 4,500,000            | 590,625              | 5,090,625            |
|                                  | <u>\$ 20,000,000</u> | <u>\$ 15,376,948</u> | <u>\$ 35,376,948</u> |

B. Bonds Authorized But Not Issued:

As of June 30, 2025, the Board had \$24,770,000 of bonds authorized but not issued associated with the District's January 28, 2025 voter approved bond referendum project. The Board intends to issue the remaining authorized bonds in November 2025..

C. Leases Payable:

The District had leases outstanding as of June 30, 2025 as follows:

| <u>Leases Payable</u> |                      |                         |                        |                  |                     |
|-----------------------|----------------------|-------------------------|------------------------|------------------|---------------------|
| Purpose               | Commencement<br>Date | Frequency<br>of Payment | Final Maturity<br>Date | Interest<br>Rate | Amount              |
| Technology Equipment  | 08/01/22             | Annual                  | 08/01/25               | 3.980%           | \$ 165,127          |
| Technology Equipment  | 08/01/23             | Annual                  | 08/01/25               | 4.390%           | 349,847             |
| Technology Equipment  | 07/01/25             | Annual                  | 08/01/27               | 1.800%           | 754,265             |
|                       |                      |                         |                        |                  | <u>\$ 1,269,239</u> |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

C. Leases Payable: (Cont'd)

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>  |
|-------------|---------------------|------------------|
| 2026        | \$ 718,033          | \$ 22,804        |
| 2027        | 363,282             | 14,550           |
| 2028        | 187,924             | 3,383            |
|             | <u>\$ 1,269,239</u> | <u>\$ 40,737</u> |

D. Unamortized Bond Issuance Premiums:

The liability for unamortized bond issuance premiums of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. As of June 30, 2025, no liability existed for unamortized bond issuance premiums.

E. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The entire \$3,075,594 of compensated absences payable at June 30, 2025 is long-term.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2025, 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 current and long-term portions and will be liquidated by the General Fund. The entire \$6,743,311 of OPEB payable at June 30, 2025 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 \$17,164,159 net pension liability at June 30, 2025 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).

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$1,718,854 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$55,337 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2025, the District reported a liability of \$17,164,159 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.12632% for PERS, which was an increase of 0.00397% from June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$484,878. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$55,337 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions from the sources as follows:

|                                                                                                   | Deferral<br>Year | Amortization<br>Period<br>in Years | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------------|------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions                                                                            | 2020             | 5.16                               |                                      | \$ 124,733                          |
|                                                                                                   | 2021             | 5.13                               | \$ 21,323                            |                                     |
|                                                                                                   | 2022             | 5.04                               |                                      | 70,556                              |
|                                                                                                   |                  |                                    | <u>21,323</u>                        | <u>195,289</u>                      |
| Changes in Proportion                                                                             | 2020             | 5.16                               |                                      | 29,543                              |
|                                                                                                   | 2021             | 5.13                               | 183,612                              |                                     |
|                                                                                                   | 2022             | 5.04                               | 48,517                               |                                     |
|                                                                                                   | 2023             | 5.08                               |                                      | 145,798                             |
|                                                                                                   | 2024             | 5.08                               | <u>483,684</u>                       |                                     |
|                                                                                                   |                  |                                    | <u>715,813</u>                       | <u>175,341</u>                      |
| Difference Between Expected<br>and Actual Experience                                              | 2020             | 5.16                               | 6,951                                |                                     |
|                                                                                                   | 2021             | 5.13                               |                                      | 16,958                              |
|                                                                                                   | 2022             | 5.04                               |                                      | 28,738                              |
|                                                                                                   | 2023             | 5.08                               | 88,291                               |                                     |
|                                                                                                   | 2024             | 5.08                               | <u>248,588</u>                       |                                     |
|                                                                                                   |                  |                                    | <u>343,830</u>                       | <u>45,696</u>                       |
| Net Difference Between Projected<br>and Actual Investment Earnings<br>on Pension Plan Investments | 2021             | 5.00                               |                                      | 1,178,209                           |
|                                                                                                   | 2022             | 5.00                               |                                      | (1,869,045)                         |
|                                                                                                   | 2023             | 5.00                               |                                      | 484,676                             |
|                                                                                                   | 2024             | 5.00                               |                                      | <u>1,002,015</u>                    |
|                                                                                                   |                  |                                    |                                      | <u>795,855</u>                      |
| District Contribution Subsequent<br>to the Measurement Date                                       | 2024             | 1.00                               | <u>1,694,105</u>                     |                                     |
|                                                                                                   |                  |                                    | <u>\$ 2,775,071</u>                  | <u>\$ 1,212,181</u>                 |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Amounts reported as deferred outflows and 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 expense as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>        |
|----------------------------------------|---------------------|
| 2025                                   | \$ (728,748)        |
| 2026                                   | 563,884             |
| 2027                                   | (324,414)           |
| 2028                                   | (187,282)           |
| 2029                                   | 4,873               |
|                                        | <u>\$ (671,687)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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          | 2.75% – 6.55% 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(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, 2024) 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, 2024 are summarized in the following table:

| Asset Class                      | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------------------|----------------------|----------------------------------------------|
| U.S. Equity                      | 28.00%               | 8.63%                                        |
| Non-U.S. Developed Market Equity | 12.75%               | 8.85%                                        |
| International Small Cap Equity   | 1.25%                | 8.85%                                        |
| Emerging Markets Equity          | 5.50%                | 10.66%                                       |
| Private Equity                   | 13.00%               | 12.40%                                       |
| Real Estate                      | 8.00%                | 10.95%                                       |
| Real Assets                      | 3.00%                | 8.20%                                        |
| High Yield                       | 4.50%                | 6.74%                                        |
| Private Credit                   | 8.00%                | 8.90%                                        |
| Investment Grade Credit          | 7.00%                | 5.37%                                        |
| Cash Equivalents                 | 2.00%                | 3.57%                                        |
| U.S. Treasuries                  | 4.00%                | 3.57%                                        |
| Risk Mitigation Strategies       | 3.00%                | 7.10%                                        |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025  
(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, 2024 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, 2024 |               |               |
|-------------------------------------------------------------|---------------|---------------|---------------|
|                                                             | 1%            | Current       | 1%            |
|                                                             | Decrease      | Discount Rate | Increase      |
|                                                             | (6.00%)       | (7.00%)       | (8.00%)       |
| District's proportionate share of the Net Pension Liability | \$ 22,806,947 | \$ 17,164,159 | \$ 12,362,177 |

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.nj.gov/treasury/pensions/annual-reports.shtml](http://www.nj.gov/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, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, 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 2024, the State's pension contribution was more 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 2025, the State of New Jersey contributed \$15,030,959 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of \$(655,991).

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

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

At June 30, 2025, the District reported a liability of \$179,829,717 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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, 2024, the District's proportion was 0.3638%, which was an increase of 0.0049% from its proportion measured as of June 30, 2023.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense and Deferred Outflows and 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>179,829,717</u>    |
| Total                                                                                 | <u>\$ 179,829,717</u> |

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$(655,991) and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

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

|                                                                                        |      | <u>Amortization<br/>Period</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------------------------------------------------------------------|------|--------------------------------|-------------------------------------------|------------------------------------------|
| Changes in Assumptions                                                                 | 2017 | 8.30 years                     |                                           | \$ 480,199,664                           |
|                                                                                        | 2018 | 8.29 years                     |                                           | 1,060,765,245                            |
|                                                                                        | 2019 | 8.04 years                     |                                           | 1,016,333,107                            |
|                                                                                        | 2020 | 7.99 years                     | \$ 603,633,698                            |                                          |
|                                                                                        | 2021 | 7.93 years                     |                                           | 7,317,559,989                            |
|                                                                                        | 2022 | 7.83 years                     | <u>67,989,902</u>                         |                                          |
|                                                                                        |      |                                | <u>671,623,600</u>                        | <u>9,874,858,005</u>                     |
| Difference Between Expected and Actual Experience                                      | 2017 | 8.30 years                     | 8,543,764                                 |                                          |
|                                                                                        | 2018 | 8.29 years                     | 186,086,527                               |                                          |
|                                                                                        | 2019 | 8.04 years                     |                                           | 39,486,140                               |
|                                                                                        | 2020 | 7.99 years                     |                                           | 3,217,090                                |
|                                                                                        | 2021 | 7.93 years                     | 97,106,767                                |                                          |
|                                                                                        | 2022 | 7.83 years                     |                                           | 12,735,529                               |
|                                                                                        | 2023 | 7.93 years                     | 144,751,819                               |                                          |
|                                                                                        | 2024 | 7.84 years                     | <u>436,488,877</u>                        | <u>211,440,707</u>                       |
|                                                                                        |      |                                |                                           | <u>266,879,466</u>                       |
| Net Difference Between Projected and Actual Investment Earnings on Pension Investments | 2021 | 5 years                        |                                           | 888,658,452                              |
|                                                                                        | 2022 | 5 years                        |                                           | (1,659,667,329)                          |
|                                                                                        | 2023 | 5 years                        |                                           | 357,972,332                              |
|                                                                                        | 2024 | 5 years                        | <u>403,364,319</u>                        | <u>816,400,864</u>                       |
|                                                                                        |      |                                | <u>\$ 1,108,112,477</u>                   | <u>\$ 10,545,101,790</u>                 |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Total</u>              |
|----------------------------------------------|---------------------------|
| 2025                                         | \$ (3,681,028,670)        |
| 2026                                         | (1,839,302,001)           |
| 2027                                         | (1,977,654,443)           |
| 2028                                         | (1,907,819,552)           |
| 2029                                         | 2,992,761                 |
| Total Thereafter                             | <u>(34,177,408)</u>       |
|                                              | <u>\$ (9,436,989,313)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. 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          | 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(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, 2024) 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, 2024 are summarized in the following table:

| <u>Asset Class</u>               | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------------------|------------------------------|-------------------------------------------------------|
| U.S. Equity                      | 28.00%                       | 8.63%                                                 |
| Non-U.S. Developed Market Equity | 12.75%                       | 8.85%                                                 |
| International Small Cap Equity   | 1.25%                        | 8.85%                                                 |
| Emerging Markets Equity          | 5.50%                        | 10.66%                                                |
| Private Equity                   | 13.00%                       | 12.40%                                                |
| Real Estate                      | 8.00%                        | 10.95%                                                |
| Real Assets                      | 3.00%                        | 8.20%                                                 |
| High Yield                       | 4.50%                        | 6.74%                                                 |
| Private Credit                   | 8.00%                        | 8.90%                                                 |
| Investment Grade Credit          | 7.00%                        | 5.37%                                                 |
| Cash Equivalents                 | 2.00%                        | 3.57%                                                 |
| U.S. Treasuries                  | 4.00%                        | 3.57%                                                 |
| Risk Mitigation Strategies       | 3.00%                        | 7.10%                                                 |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025  
(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, 2024 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, 2024  |                |                |
|---------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                       | 1%             | Current        | 1%             |
|                                                                                       | Decrease       | Discount Rate  | Increase       |
|                                                                                       | <u>(6.00%)</u> | <u>(7.00%)</u> | <u>(8.00%)</u> |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 210,829,705 | \$ 179,829,717 | \$ 151,259,836 |

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 \$23,056 for the fiscal year ended June 30, 2025. Employee contributions to DCRP amounted to \$31,270 for the fiscal year ended June 30, 2025.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *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 post-retirement 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 local 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.nj.gov/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, 2025  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

|                                                                                   |                       |
|-----------------------------------------------------------------------------------|-----------------------|
| Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payment | 153,556               |
| Active Plan Members                                                               | <u>219,185</u>        |
| Total                                                                             | <u><u>372,741</u></u> |

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024.

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.

|                   | <u>TPAF/ABP</u>              | <u>PERS</u>                  | <u>PFRS</u>                  |
|-------------------|------------------------------|------------------------------|------------------------------|
| Salary Increases: | 2.75% - 5.65%                | 2.75% - 6.55%                | 3.25% - 16.25%               |
|                   | based on years<br>of service | based on years<br>of service | based on years of<br>service |

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre- Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return 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

|                                                   | <u>Total OPEB<br/>Liability</u> |
|---------------------------------------------------|---------------------------------|
| Balance at June 30, 2023                          | <u>\$ 177,893,746</u>           |
| Changes for Year:                                 |                                 |
| Service Cost                                      | 8,011,112                       |
| Interest Cost                                     | 6,707,378                       |
| Difference Between Expected and Actual Experience | 853,232                         |
| Changes in Assumptions                            | 15,244,143                      |
| Member Contributions                              | 175,401                         |
| Gross Benefit Payments                            | <u>(5,122,533)</u>              |
| Net Changes                                       | <u>25,868,733</u>               |
| Balance at June 30, 2024                          | <u><u>\$ 203,762,479</u></u>    |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (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, 2024 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                                                      | June 30, 2024                |                                |                              |
|------------------------------------------------------|------------------------------|--------------------------------|------------------------------|
|                                                      | At 1%<br>Decrease<br>(2.93%) | At<br>Discount Rate<br>(3.93%) | At 1%<br>Increase<br>(4.93%) |
| Total OPEB Liability Attributable to<br>the District | \$ 238,649,502               | \$ 203,762,479                 | \$ 175,398,637               |

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, 2024 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 was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                                                      | June 30, 2024  |                               |                |
|------------------------------------------------------|----------------|-------------------------------|----------------|
|                                                      | 1%<br>Decrease | Healthcare<br>Cost Trend Rate | 1%<br>Increase |
| Total OPEB Liability Attributable to<br>the District | \$ 169,735,628 | \$ 203,762,479                | \$ 248,084,697 |

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$7,812,557 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

At June 30, 2024, the State deferred outflows and inflows of resources related to OPEB attributable to the District is from the following sources:

|                                                      | <u>Deferral<br/>Year</u> | <u>Period<br/>in Years</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|------------------------------------------------------|--------------------------|----------------------------|-------------------------------------------|------------------------------------------|
| Changes in Assumptions                               | 2017                     | 9.54                       |                                           | \$ 3,907,683                             |
|                                                      | 2018                     | 9.51                       |                                           | 4,770,644                                |
|                                                      | 2019                     | 9.29                       | \$ 752,677                                |                                          |
|                                                      | 2020                     | 9.24                       | 19,415,716                                |                                          |
|                                                      | 2021                     | 9.24                       | 114,685                                   |                                          |
|                                                      | 2022                     | 9.13                       |                                           | 31,160,345                               |
|                                                      | 2023                     | 9.30                       | 282,985                                   |                                          |
|                                                      | 2024                     | 9.33                       | 13,610,259                                |                                          |
|                                                      |                          |                            | <u>34,176,322</u>                         | <u>39,838,672</u>                        |
| Difference Between Expected<br>and Actual Experience | 2018                     | 9.51                       |                                           | 4,509,743                                |
|                                                      | 2019                     | 9.29                       |                                           | 8,859,042                                |
|                                                      | 2020                     | 9.24                       | 18,096,209                                |                                          |
|                                                      | 2021                     | 9.24                       |                                           | 22,054,858                               |
|                                                      | 2022                     | 9.13                       | 3,209,068                                 |                                          |
|                                                      | 2023                     | 9.30                       |                                           | 2,628,835                                |
|                                                      | 2024                     | 9.33                       | 484,720                                   |                                          |
|                                                      |                          |                            | <u>21,789,997</u>                         | <u>38,052,478</u>                        |
| Changes in Proportion                                | N/A                      | N/A                        | <u>2,635,929</u>                          | <u>1,446,395</u>                         |
|                                                      |                          |                            | <u>\$ 58,602,248</u>                      | <u>\$ 79,337,545</u>                     |

N/A - Not Available

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

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>           |
|----------------------------------------|------------------------|
| 2025                                   | \$ (7,227,691)         |
| 2026                                   | (6,060,463)            |
| 2027                                   | (2,878,527)            |
| 2028                                   | 756,527                |
| 2029                                   | (5,252,766)            |
| Thereafter                             | <u>(1,261,909)</u>     |
|                                        | <u>\$ (21,924,831)</u> |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(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). Medical and prescription drugs benefits are fully insured through Aetna Health and dental benefits are fully 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, 2022 and July 1, 2023 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 Medicare Part B or Part D premiums to retirees and/or spouses that are eligible.

Employees Covered by Benefit Terms

As of July 2022, there is a total of 1,127 active employees and retirees, reflecting the sum of 841 active employees (668 currently electing coverage and 173 waiving coverage) and 286 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 \$6,743,311 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2024 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    | 4.76% |
| Salary Increases | 3.00% |

Health Care Trend Rates

|                  | Year                 | Pre 65 | Post 65 |
|------------------|----------------------|--------|---------|
| Year 1 Trend     | July 1, 2024         | 7.00%  | 7.00%   |
| Ultimate Trend   | July 1, 2034 & 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, 2025  
(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<br/>Contribution %</u> | <u>District<br/>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 two 20-year municipal bond indices (S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years) as of June 30, 2025.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on 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-2021.

Changes in the Total OPEB Liability

|                          | <u>Total OPEB<br/>Liability</u> |
|--------------------------|---------------------------------|
| Balance at June 30, 2024 | \$ 6,846,851                    |
| Changes for Year:        |                                 |
| Service Cost             | 424,091                         |
| Interest                 | 316,716                         |
| Changes in Assumptions   | (458,030)                       |
| Benefit Payments         | <u>(386,317)</u>                |
| Net Changes              | <u>(103,540)</u>                |
| Balance at June 30, 2025 | <u>\$ 6,743,311</u>             |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(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 (3.76 percent) or 1-percentage-point higher (5.76 percent) than the current discount rate:

|                      | June 30, 2025          |                          |                        |
|----------------------|------------------------|--------------------------|------------------------|
|                      | 1% Decrease<br>(3.76%) | Discount Rate<br>(4.76%) | 1% Increase<br>(5.76%) |
| Total OPEB Liability | \$ 7,463,685           | \$ 6,743,311             | \$ 6,124,992           |

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 or 1-percentage-point higher than the current healthcare cost trend rate:

|                      | June 30, 2025 |                                                    |              |
|----------------------|---------------|----------------------------------------------------|--------------|
|                      | 1% Decrease   | Healthcare Cost<br>Trend Rate<br>Current Valuation | 1% Increase  |
| Total OPEB Liability | \$ 5,985,270  | \$ 6,743,311                                       | \$ 7,639,208 |

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

For the fiscal year ended June 30, 2025, the District recognized OPEB benefit of \$465,073.

At June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following source:

|                        | Deferral<br>Year | Amortization<br>Period<br>in Years | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------|------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2019             | 9.66                               | \$ 223,768                           |                                     |
|                        | 2020             | 9.66                               |                                      | \$ 319,170                          |
|                        | 2021             | 9.66                               | 383,340                              |                                     |
|                        | 2022             | 10.43                              |                                      | 6,710,404                           |
|                        | 2023             | 10.43                              |                                      | 154,969                             |
|                        | 2024             | 10.65                              |                                      | 1,536,116                           |
|                        | 2025             | 10.65                              |                                      | 415,022                             |
|                        |                  |                                    | <u>\$ 607,108</u>                    | <u>\$ 9,135,681</u>                 |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

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

District Plan (Cont'd)

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

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

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Total</u>          |
|----------------------------------------------|-----------------------|
| 2026                                         | \$ (1,205,880)        |
| 2027                                         | (1,205,880)           |
| 2028                                         | (1,234,487)           |
| 2029                                         | (1,260,351)           |
| 2030                                         | (1,230,764)           |
| Total Thereafter                             | <u>(2,391,211)</u>    |
|                                              | <u>\$ (8,528,573)</u> |

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, 2025  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2025 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, 2024 is as follows:

|                                                         | New Jersey Schools<br>Insurance Group<br>(NJSIG) |
|---------------------------------------------------------|--------------------------------------------------|
| Total Assets                                            | \$ 452,862,436                                   |
| Net Position                                            | \$ 208,313,945                                   |
| Total Revenue                                           | \$ 187,698,949                                   |
| Total Expenses                                          | \$ 178,093,729                                   |
| Members Dividends                                       | \$ 2,600,000                                     |
| Change in Net Position for the Year Ended June 30, 2024 | \$ 7,005,220                                     |

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](http://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<br>Contributions | Interest<br>Earned | Employee<br>Contributions | Amount<br>Reimbursed | Ending<br>Balance |
|-------------|---------------------------|--------------------|---------------------------|----------------------|-------------------|
| 2024-2025   | \$ - 0 -                  | \$ 28,836          | \$ 104,621                | \$ 69,738            | \$ 1,419,244      |
| 2023-2024   | - 0 -                     | 33,010             | 101,899                   | 58,821               | 1,355,525         |
| 2022-2023   | - 0 -                     | 23,346             | 96,789                    | 105,534              | 1,279,437         |

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, 2025  
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

403(b)

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

457

AXA Equitable  
FTJ Fund Choice  
MetLife Insurance Co.

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2025:

|                                     | <u>Governmental Funds</u> |                                     | <u>District<br/>Contribution<br/>Subsequent<br/>to the<br/>Measurement<br/>Date</u> | <u>Total<br/>Governmental<br/>Activities</u> | <u>Business-<br/>Type<br/>Activities<br/>Proprietary<br/>Funds</u> |
|-------------------------------------|---------------------------|-------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------|
|                                     | <u>General<br/>Fund</u>   | <u>Special<br/>Revenue<br/>Fund</u> |                                                                                     |                                              |                                                                    |
| Accrued Salaries and Wages          | \$ 175,011                |                                     |                                                                                     | \$ 175,011                                   |                                                                    |
| Payroll Deductions and Withholdings | 1,990,776                 |                                     |                                                                                     | 1,990,776                                    |                                                                    |
| Vendors                             | 10,000                    | \$ 124,880                          |                                                                                     | 134,880                                      | \$ 40,096                                                          |
| Due to:                             |                           |                                     |                                                                                     |                                              |                                                                    |
| State of New Jersey                 |                           |                                     | \$ 1,694,105                                                                        | 1,694,105                                    |                                                                    |
|                                     | <u>\$ 2,175,787</u>       | <u>\$ 124,880</u>                   | <u>\$ 1,694,105</u>                                                                 | <u>\$ 3,994,772</u>                          | <u>\$ 40,096</u>                                                   |

NOTE 16. COMMITMENTS AND 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

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, 2025, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

| Governmental Funds  |                  |                     |                     |
|---------------------|------------------|---------------------|---------------------|
| General             | Special Revenue  | Capital Projects    | Total               |
| <u>\$ 2,866,966</u> | <u>\$ 45,142</u> | <u>\$ 4,427,019</u> | <u>\$ 7,339,127</u> |

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$-0- is assigned for encumbrances in the Special Revenue Fund, which is \$45,142 less than the actual encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$4,427,019 of encumbrances in the Capital Projects Fund are included in the restricted and committed fund balances.

Arbitrage

The District may have a liability for arbitrage payable to the federal government with respect to its \$20,000,000 School Bonds dated May 15, 2025. The amount of the liability at June 30, 2025, if any, is unknown and has not been recorded in the financial statements.

NOTE 17. RECEIVABLES FROM OTHER GOVERNMENTS

The following receivables due from other governments existed as of June 30, 2025:

|         | Governmental Activities |                      |                          |
|---------|-------------------------|----------------------|--------------------------|
|         | General Fund            | Special Revenue Fund | Total Governmental Funds |
| Federal |                         | \$ 1,707,796         | \$ 1,707,796             |
| State   | <u>\$ 2,372,298</u>     | <u>8,611</u>         | <u>2,380,909</u>         |
|         | <u>\$ 2,372,298</u>     | <u>\$ 1,716,407</u>  | <u>\$ 4,088,705</u>      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 18. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The District had the following interfund balances on the various balance sheets at June 30, 2025.

| <u>Fund</u>                        | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|------------------------------------|---------------------------------|------------------------------|
| General Fund                       | \$ 1,100,143                    |                              |
| Special Revenue Fund               |                                 | \$ 1,081,636                 |
| Capital Projects Fund              |                                 | 14,629                       |
| Proprietary Funds:                 |                                 |                              |
| Summer Community Education Program |                                 | 3,878                        |
|                                    | <u>\$ 1,100,143</u>             | <u>\$ 1,100,143</u>          |

The General Fund interfund receivable represents cash advances to the Special Revenue Fund while awaiting federal and state grant reimbursements, Capital Projects Fund interest earnings and expenditures on-behalf of the Summer Community Education Program, net of collections due to the Summer Community Education Program.

During the fiscal year, the General Fund transferred \$70,930 to the Special Revenue Fund for the local share of the preschool program and \$1,355,311 to the Capital Projects Fund for the local share of capital projects and the Capital Projects Fund transferred \$14,629 of interest earnings to the General Fund.

NOTE 19. TAX CALENDAR

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

NOTE 20. 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 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.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

NOTE 20. TAX ABATEMENTS (Cont'd)

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 \$1,518,962 from three payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2024 without the abatements would have been \$2,559,787 of which \$1,706,017 would have been for regional school taxes.

The Borough of Fanwood recognized revenue in the amount of \$403,515 from four payments in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2024 without the abatements would have been \$686,072 of which \$430,518 would have been for regional school taxes.

**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 TEN FISCAL YEARS

|                                                                                                          | Fiscal Year Ending June 30, |               |               |               |               |
|----------------------------------------------------------------------------------------------------------|-----------------------------|---------------|---------------|---------------|---------------|
|                                                                                                          | 2016                        | 2017          | 2018          | 2019          | 2020          |
| District's Proportion of the Net Pension Liability                                                       | 0.1203084491%               | 0.1217626510% | 0.1184811157% | 0.1194123416% | 0.1235749238% |
| District's Proportionate Share<br>of the Net Pension Liability                                           | \$ 27,006,836               | \$ 36,062,605 | \$ 27,580,510 | \$ 23,511,695 | \$ 22,266,327 |
| District's Covered Employee Payroll                                                                      | \$ 8,135,292                | \$ 7,989,478  | \$ 8,241,104  | \$ 8,557,148  | \$ 8,369,450  |
| District's Proportionate Share<br>of the Net Pension Liability as a %<br>of its Covered Employee Payroll | 331.97%                     | 451.38%       | 334.67%       | 274.76%       | 266.04%       |
| Plan Fiduciary Net Position as a % of the<br>Total Pension Liability                                     | 47.93%                      | 40.14%        | 48.10%        | 53.60%        | 56.27%        |

|                                                                                                          | Fiscal Year Ending June 30, |               |               |               |               |
|----------------------------------------------------------------------------------------------------------|-----------------------------|---------------|---------------|---------------|---------------|
|                                                                                                          | 2021                        | 2022          | 2023          | 2024          | 2025          |
| District's Proportion of the Net Pension Liability                                                       | 0.1193426136%               | 0.1231645476% | 0.1237947305% | 0.1223519378% | 0.1263180820% |
| District's Proportionate Share<br>of the Net Pension Liability                                           | \$ 19,461,659               | \$ 14,590,687 | \$ 18,682,329 | \$ 17,721,912 | \$ 17,164,159 |
| District's Covered Employee Payroll                                                                      | \$ 8,916,068                | \$ 8,930,618  | \$ 9,037,820  | \$ 9,628,038  | \$ 10,141,396 |
| District's Proportionate Share<br>of the Net Pension Liability as a %<br>of its Covered Employee Payroll | 218.28%                     | 163.38%       | 206.71%       | 184.07%       | 169.25%       |
| Plan Fiduciary Net Position as a % of the<br>Total Pension Liability                                     | 58.32%                      | 70.33%        | 62.91%        | 65.23%        | 68.22%        |

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

|                                                                         |    | Fiscal Year Ending June 30, |              |              |              |              |
|-------------------------------------------------------------------------|----|-----------------------------|--------------|--------------|--------------|--------------|
|                                                                         |    | 2016                        | 2017         | 2018         | 2019         | 2020         |
| Contractually Required Contribution                                     | \$ | 1,034,330                   | \$ 1,081,722 | \$ 1,129,712 | \$ 1,195,423 | \$ 1,228,956 |
| Contributions in relation to the<br>Contractually Required Contribution |    | (1,034,330)                 | (1,081,722)  | (1,129,712)  | (1,195,423)  | (1,228,956)  |
| Contribution Deficiency/(Excess)                                        | \$ | - 0 -                       | \$ - 0 -     | \$ - 0 -     | \$ - 0 -     | \$ - 0 -     |
| District's Covered Employee Payroll                                     | \$ | 7,989,478                   | \$ 8,241,104 | \$ 8,557,148 | \$ 8,369,450 | \$ 8,916,068 |
| Contributions as a percentage of<br>Covered Employee Payroll            |    | 12.95%                      | 13.13%       | 13.20%       | 14.28%       | 13.78%       |

|                                                                         |    | Fiscal Year Ending June 30, |              |              |               |               |
|-------------------------------------------------------------------------|----|-----------------------------|--------------|--------------|---------------|---------------|
|                                                                         |    | 2021                        | 2022         | 2023         | 2024          | 2025          |
| Contractually Required Contribution                                     | \$ | 1,305,549                   | \$ 1,442,400 | \$ 1,561,111 | \$ 1,635,269  | \$ 1,718,854  |
| Contributions in relation to the<br>Contractually Required Contribution |    | (1,305,549)                 | (1,442,400)  | (1,561,111)  | (1,635,269)   | (1,718,854)   |
| Contribution Deficiency/(Excess)                                        | \$ | - 0 -                       | \$ - 0 -     | \$ - 0 -     | \$ - 0 -      | \$ - 0 -      |
| District's Covered Employee Payroll                                     | \$ | 8,930,618                   | \$ 9,037,820 | \$ 9,628,038 | \$ 10,141,396 | \$ 10,532,383 |
| Contributions as a percentage of<br>Covered Employee Payroll            |    | 14.62%                      | 15.96%       | 16.21%       | 16.12%        | 16.32%        |

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 TEN FISCAL YEARS

|                                                                                                                                         |    | Fiscal Year Ending June 30, |                |                |                |                |
|-----------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------------|----------------|----------------|----------------|----------------|
|                                                                                                                                         |    | 2016                        | 2017           | 2018           | 2019           | 2020           |
| State's Proportion of the Net Pension Liability attributable to the District                                                            |    | 0.3310504684%               | 0.3283018007%  | 0.3301553659%  | 0.3294493721%  | 0.3413448873%  |
| State's Proportionate Share of the Net Pension Liability attributable to the District                                                   | \$ | 209,238,033                 | \$ 258,263,100 | \$ 222,602,653 | \$ 209,588,614 | \$ 209,486,579 |
| District's Covered Employee Payroll                                                                                                     | \$ | 33,340,326                  | \$ 33,966,880  | \$ 35,597,583  | \$ 37,281,568  | \$ 37,481,877  |
| State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll |    | 627.58%                     | 760.34%        | 625.33%        | 562.18%        | 558.90%        |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability                                                              |    | 28.71%                      | 22.33%         | 25.41%         | 26.49%         | 26.95%         |
|                                                                                                                                         |    | Fiscal Year Ending June 30, |                |                |                |                |
|                                                                                                                                         |    | 2021                        | 2022           | 2023           | 2024           | 2025           |
| State's Proportion of the Net Pension Liability attributable to the District                                                            |    | 0.3515766443%               | 0.3435298611%  | 0.3513933740%  | 0.3588667931%  | 0.3638428518%  |
| State's Proportionate Share of the Net Pension Liability attributable to the District                                                   | \$ | 231,508,990                 | \$ 165,152,629 | \$ 181,299,359 | \$ 183,139,305 | \$ 179,829,717 |
| District's Covered Employee Payroll                                                                                                     | \$ | 39,331,488                  | \$ 40,342,216  | \$ 42,111,764  | \$ 43,179,013  | \$ 45,310,280  |
| State's Proportionate Share of the Net Pension Liability attributable to the District as a % of the District's Covered Employee Payroll |    | 588.61%                     | 409.38%        | 430.52%        | 424.14%        | 396.89%        |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability                                                              |    | 24.60%                      | 35.52%         | 32.29%         | 65.23%         | 37.99%         |

SCOTCH PLAINS - FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS

|                                                                         | Fiscal Year Ending June 30, |                      |                      |                     |                     |
|-------------------------------------------------------------------------|-----------------------------|----------------------|----------------------|---------------------|---------------------|
|                                                                         | 2016                        | 2017                 | 2018                 | 2019                | 2020                |
| Contractually Required Contribution                                     | \$ 12,775,866               | \$ 19,404,878        | \$ 15,420,785        | \$ 12,218,283       | \$ 12,356,078       |
| Contributions in relation to the<br>Contractually Required Contribution | (2,628,512)                 | (3,583,750)          | (4,851,626)          | (6,713,427)         | (7,711,422)         |
| Contribution Deficiency/(Excess)                                        | <u>\$ 10,147,354</u>        | <u>\$ 15,821,128</u> | <u>\$ 10,569,159</u> | <u>\$ 5,504,856</u> | <u>\$ 4,644,656</u> |
| District's Covered Employee Payroll                                     | \$ 35,597,583               | \$ 37,281,568        | \$ 37,481,877        | \$ 39,331,488       | \$ 40,342,216       |
| Contributions as a percentage of<br>Covered Employee Payroll            | 7.38%                       | 9.61%                | 12.94%               | 17.07%              | 19.12%              |

|                                                                         | Fiscal Year Ending June 30, |                        |                       |                        |                        |
|-------------------------------------------------------------------------|-----------------------------|------------------------|-----------------------|------------------------|------------------------|
|                                                                         | 2021                        | 2022                   | 2023                  | 2024                   | 2025                   |
| Contractually Required Contribution                                     | \$ 14,396,215               | \$ 3,886,114           | \$ 4,879,272          | \$ 4,499,200           | \$ (655,991)           |
| Contributions in relation to the<br>Contractually Required Contribution | (9,985,997)                 | (14,465,657)           | (14,670,691)          | (15,504,557)           | (15,030,959)           |
| Contribution Deficiency/(Excess)                                        | <u>\$ 4,410,218</u>         | <u>\$ (10,579,543)</u> | <u>\$ (9,791,419)</u> | <u>\$ (11,005,357)</u> | <u>\$ (15,686,950)</u> |
| District's Covered Employee Payroll                                     | \$ 40,342,216               | \$ 42,111,764          | \$ 43,179,013         | \$ 45,310,280          | \$ 46,697,450          |
| Contributions as a percentage of<br>Covered Employee Payroll            | 24.75%                      | 34.35%                 | 33.98%                | 34.22%                 | 32.19%                 |

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 EIGHT YEARS

|                                                                     | Fiscal Year Ending June 30, |                       |                       |                       |                       |
|---------------------------------------------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                     | 2017                        | 2018                  | 2019                  | 2020                  | 2021                  |
| Changes in Total OPEB Liability:                                    |                             |                       |                       |                       |                       |
| Service Cost                                                        | \$ 8,269,076                | \$ 6,846,632          | \$ 6,203,017          | \$ 6,579,398          | \$ 12,014,016         |
| Interest Cost                                                       | 5,725,771                   | 6,634,059             | 6,198,765             | 5,136,165             | 5,310,455             |
| Changes of Benefit Terms                                            |                             |                       |                       |                       | (217,891)             |
| Difference Between Expected/Actual Experience                       |                             | (15,932,833)          | (24,239,409)          | 40,386,784            | (41,364,736)          |
| Changes in Assumptions                                              | (24,143,890)                | (17,909,620)          | 2,118,967             | 42,527,474            | 201,964               |
| Member Contributions                                                | 153,911                     | 144,233               | 129,318               | 122,850               | 135,762               |
| Gross Benefit Payments                                              | (4,179,815)                 | (4,173,211)           | (4,362,550)           | (4,053,134)           | (4,183,151)           |
| Net Change in Total OPEB Liability                                  | (14,174,947)                | (24,390,740)          | (13,951,892)          | 90,699,537            | (28,103,581)          |
| Total OPEB Liability - Beginning                                    | 194,633,996                 | 180,459,049           | 156,068,309           | 142,116,417           | 232,815,954           |
| Total OPEB Liability - Ending                                       | <u>\$ 180,459,049</u>       | <u>\$ 156,068,309</u> | <u>\$ 142,116,417</u> | <u>\$ 232,815,954</u> | <u>\$ 204,712,373</u> |
| District's Covered Employee Payroll *                               | \$ 41,956,358               | \$ 43,838,687         | \$ 45,838,716         | \$ 45,851,327         | \$ 48,247,556         |
| Total OPEB Liability as a Percentage<br>of Covered Employee Payroll | 430%                        | 356%                  | 310%                  | 508%                  | 424%                  |

|                                                                     | Fiscal Year Ending June 30, |                       |                       |
|---------------------------------------------------------------------|-----------------------------|-----------------------|-----------------------|
|                                                                     | 2022                        | 2023                  | 2024                  |
| Changes in Total OPEB Liability:                                    |                             |                       |                       |
| Service Cost                                                        | \$ 10,259,422               | \$ 8,007,088          | \$ 8,011,112          |
| Interest Cost                                                       | 4,566,918                   | 6,265,200             | 6,707,378             |
| Difference Between Expected/Actual Experience                       | 3,398,073                   | (4,343,178)           | 853,232               |
| Changes in Assumptions                                              | (46,228,893)                | 358,560               | 15,244,143            |
| Member Contributions                                                | 145,121                     | 160,555               | 175,401               |
| Gross Benefit Payments                                              | (4,523,667)                 | (4,883,826)           | (5,122,533)           |
| Net Change in Total OPEB Liability                                  | (32,383,026)                | 5,564,399             | 25,868,733            |
| Total OPEB Liability - Beginning                                    | 204,712,373                 | 172,329,347           | 177,893,746           |
| Total OPEB Liability - Ending                                       | <u>\$ 172,329,347</u>       | <u>\$ 177,893,746</u> | <u>\$ 203,762,479</u> |
| District's Covered Employee Payroll *                               | \$ 49,272,834               | \$ 51,149,584         | \$ 52,807,051         |
| Total OPEB Liability as a Percentage<br>of Covered Employee Payroll | 350%                        | 348%                  | 386%                  |

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2024 are based on the payroll on the June 30, 2016 - 2023 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 EIGHT FISCAL YEARS

|                                                            | Fiscal Year Ending June 30, |                      |                      |                      |                     |
|------------------------------------------------------------|-----------------------------|----------------------|----------------------|----------------------|---------------------|
|                                                            | 2018                        | 2019                 | 2020                 | 2021                 | 2022                |
| Changes in 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 % of<br>Covered Employee Payroll | 31.45%                      | 34.51%               | 34.39%               | 37.29%               | 15.63%              |

|                                                                     | Fiscal Year Ending June 30, |                     |                     |
|---------------------------------------------------------------------|-----------------------------|---------------------|---------------------|
|                                                                     | 2023                        | 2024                | 2025                |
| Changes in Total OPEB Liability:                                    |                             |                     |                     |
| Service Cost                                                        | \$ 439,203                  | \$ 466,899          | \$ 424,091          |
| Interest                                                            | 321,795                     | 333,086             | 316,716             |
| Changes in Assumptions                                              | (217,540)                   | (1,891,288)         | (458,030)           |
| Benefit Payments                                                    | (477,346)                   | (411,499)           | (386,317)           |
| Net Change in Total OPEB Liability                                  | 66,112                      | (1,502,802)         | (103,540)           |
| Total OPEB Liability - Beginning                                    | 8,283,541                   | 8,349,653           | 6,846,851           |
| Total OPEB Liability - Ending                                       | <u>\$ 8,349,653</u>         | <u>\$ 6,846,851</u> | <u>\$ 6,743,311</u> |
| Covered Employee Payroll *                                          | \$ 52,994,422 **            | \$ 59,214,125       | \$ 59,214,125 **    |
| Total OPEB Liability as a Percentage of<br>Covered Employee Payroll | 15.76%                      | 11.56%              | 11.39%              |

\* - Total Annual Salary (Compensation) based on Valuation Census Information (as per Actuarial Valuation).

\*\* - Utilized Covered Employee Payroll from prior 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, 2025

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2023 actuarial valuation the salary increases were 2.75% - 5.65% based on years of service while in the July 1, 2022 actuarial valuation the salary increases were 2.75% - 4.25% based on years of service.

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, 2024 was 3.93%. The discount rate for June 30, 2023 was 3.65%, a change of .28%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

D. DISTRICT POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Benefit Terms Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.09% as of June 30, 2024 to 4.76% as of June 30, 2025.

|                                       |
|---------------------------------------|
| <b>BUDGETARY COMPARISON SCHEDULES</b> |
|---------------------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|------------------------------------------------|--------------------|---------------------|-----------------|----------------|-----------------------------|
| REVENUES:                                      |                    |                     |                 |                |                             |
| Local Sources:                                 |                    |                     |                 |                |                             |
| Local Tax Levy                                 | \$ 106,043,502     |                     | \$ 106,043,502  | \$ 106,043,502 | \$ 23,603                   |
| Tuition from Other LEA's                       |                    |                     |                 | 5,500          | 5,500                       |
| Transportation Fees from Individuals           | 800                |                     | 800             | 258,445        | 257,645                     |
| Interest Earned on Capital Reserve Funds       | 1,000              |                     | 1,000           | 22,553         | 21,553                      |
| Interest Earned on Maintenance Reserve Funds   | 799,993            |                     | 799,993         | 748,213        | (51,780)                    |
| Unrestricted Miscellaneous Revenues            |                    |                     |                 |                |                             |
| Total - Local Sources                          | 106,845,295        |                     | 106,845,295     | 107,101,816    | 256,521                     |
| State Sources:                                 |                    |                     |                 |                |                             |
| Categorical Transportation Aid                 | 1,293,546          |                     | 1,293,546       | 1,293,546      |                             |
| Special Education Categorical Aid              | 6,664,955          |                     | 6,664,955       | 6,664,955      |                             |
| Categorical Security Aid                       | 564,960            |                     | 564,960         | 564,960        |                             |
| Extraordinary Special Education Costs Aid      | 2,065,426          |                     | 2,065,426       | 2,101,508      | 36,082                      |
| Nonpublic School Transportation Costs          |                    |                     |                 | 106,009        | 106,009                     |
| On-Behalf TPAF Contributions:                  |                    |                     |                 |                |                             |
| Post-Retirement Medical                        |                    |                     |                 | 4,446,464      | 4,446,464                   |
| Pension                                        |                    |                     |                 | 15,030,959     | 15,030,959                  |
| Non-Contributory Insurance                     |                    |                     |                 | 186,193        | 186,193                     |
| Long-Term Disability Insurance                 |                    |                     |                 | 7,478          | 7,478                       |
| Reimbursed TPAF Social Security (Non-Budgeted) |                    |                     |                 | 3,370,786      | 3,370,786                   |
| Total State Sources                            | 10,588,887         |                     | 10,588,887      | 33,772,858     | 23,183,971                  |
| Federal Sources:                               |                    |                     |                 |                |                             |
| Medicaid Reimbursement (SEMI)                  | 99,254             |                     | 99,254          | 37,334         | (61,920)                    |
| Total Federal Sources                          | 99,254             |                     | 99,254          | 37,334         | (61,920)                    |
| TOTAL REVENUES                                 | 117,533,436        |                     | 117,533,436     | 140,912,008    | 23,378,572                  |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                               | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|-----------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| <b>EXPENDITURES:</b>                          |                    |                     |                 |              |                             |
| <b>CURRENT EXPENSE</b>                        |                    |                     |                 |              |                             |
| Regular Programs - Instruction:               |                    |                     |                 |              |                             |
| Kindergarten - Salaries of Teachers           | \$ 1,822,867       | \$ 116,657          | \$ 1,939,524    | \$ 1,933,477 | \$ 6,047                    |
| Grades 1-5 - Salaries of Teachers             | 11,126,783         | (190,072)           | 10,936,711      | 10,899,685   | 37,026                      |
| Grades 6-8 - Salaries of Teachers             | 8,290,596          | 18,483              | 8,309,079       | 8,308,098    | 981                         |
| Grades 9-12 - Salaries of Teachers            | 9,094,668          | 22,474              | 9,117,142       | 9,117,140    | 2                           |
| Regular Programs - Home Instruction:          |                    |                     |                 |              |                             |
| Salaries of Teachers                          | 23,190             | 12,047              | 35,237          | 35,235       | 2                           |
| Purchased Professional - Educational Services | 63,158             | 4,948               | 68,106          | 37,244       | 30,862                      |
| Regular Programs - Undistributed Instruction: |                    |                     |                 |              |                             |
| Purchased Professional - Educational Services | 303,342            | 28,816              | 332,158         | 326,566      | 5,592                       |
| Purchased Technical Services                  | 76,229             | 15,202              | 91,431          | 54,589       | 36,842                      |
| Other Purchased Services (400-500 series)     | 57,394             | (805)               | 56,589          | 24,107       | 32,482                      |
| General Supplies                              | 1,274,931          | 35,044              | 1,309,975       | 1,000,988    | 308,987                     |
| Textbooks                                     | 243,604            | 7,043               | 250,647         | 213,139      | 37,508                      |
| Other Objects                                 | 74,132             | 90                  | 74,222          | 70,610       | 3,612                       |
| Total Regular Programs - Instruction          | 32,450,894         | 69,927              | 32,520,821      | 32,020,878   | 499,943                     |
| Special Education - Instruction:              |                    |                     |                 |              |                             |
| Multiple Disabilities:                        |                    |                     |                 |              |                             |
| Salaries of Teachers                          | 776,672            | (39,829)            | 736,843         | 729,923      | 6,920                       |
| Other Salaries for Instruction                | 278,798            | 18,655              | 297,453         | 295,172      | 2,281                       |
| Other Purchased Services (400-500 series)     | 3,000              | (1,650)             | 1,350           |              | 1,350                       |
| General Supplies                              | 11,900             | 3,044               | 14,944          | 14,668       | 276                         |
| Total Multiple Disabilities                   | 1,070,370          | (19,780)            | 1,050,590       | 1,039,763    | 10,827                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                             | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|---------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES:                               |                    |                     |                 |              |                             |
| CURRENT EXPENSE                             |                    |                     |                 |              |                             |
| Special Education - Instruction: (Cont'd)   |                    |                     |                 |              |                             |
| Resource Room/Resource Center:              |                    |                     |                 |              |                             |
| Salaries of Teachers                        | \$ 5,929,468       | \$ 28,924           | \$ 5,958,392    | \$ 5,958,003 | \$ 389                      |
| Other Salaries for Instruction              | 1,848,569          | (176,655)           | 1,671,914       | 1,658,747    | 13,167                      |
| Purchased Technical Services                | 3,000              |                     | 3,000           | 1,500        | 1,500                       |
| General Supplies                            | 29,300             | 2,941               | 32,241          | 32,141       | 100                         |
| Total Resource Room/Resource Center         | 7,810,337          | (144,790)           | 7,665,547       | 7,650,391    | 15,156                      |
| Preschool Disabilities - Full-Time:         |                    |                     |                 |              |                             |
| Salaries of Teachers                        | 235,947            | 1,199               | 237,146         | 236,802      | 344                         |
| Other Salaries for Instruction              | 103,237            | (8,589)             | 94,648          | 94,181       | 467                         |
| General Supplies                            | 2,700              | (2,095)             | 605             | 397          | 208                         |
| Total Preschool Disabilities - Full-Time    | 341,884            | (9,485)             | 332,399         | 331,380      | 1,019                       |
| Home Instruction:                           |                    |                     |                 |              |                             |
| Salaries of Teachers                        | 64,000             | 4,294               | 68,294          | 68,291       | 3                           |
| Purchased Professional-Educational Services | 67,189             | 10,052              | 77,241          | 53,627       | 23,614                      |
| Total Home Instruction                      | 131,189            | 14,346              | 145,535         | 121,918      | 23,617                      |
| Total Special Education Instruction         | 9,353,780          | (159,709)           | 9,194,071       | 9,143,452    | 50,619                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| EXPENDITURES:                                                | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--------------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| CURRENT EXPENSE                                              |                    |                     |                 |              |                             |
| Basic Skills/Remedial - Instruction:                         |                    |                     |                 |              |                             |
| Salaries of Teachers                                         | \$ 1,225,180       | \$ 42,341           | \$ 1,267,521    | \$ 1,267,440 | \$ 81                       |
| Other Purchased Services (400-500 series)                    | 700                |                     | 700             |              | 700                         |
| General Supplies                                             | 2,475              |                     | 2,475           | 1,624        | 851                         |
| Total Basic Skills/Remedial - Instruction                    | 1,228,355          | 42,341              | 1,270,696       | 1,269,064    | 1,632                       |
| Bilingual Education - Instruction:                           |                    |                     |                 |              |                             |
| Salaries of Teachers                                         | 335,746            | 4,915               | 340,661         | 340,630      | 31                          |
| General Supplies                                             | 2,500              |                     | 2,500           | 1,336        | 1,164                       |
| Total Bilingual Education - Instruction                      | 338,246            | 4,915               | 343,161         | 341,966      | 1,195                       |
| School-Sponsored Cocurricular Activities - Instruction:      |                    |                     |                 |              |                             |
| Salaries                                                     | 338,173            | (5,245)             | 332,928         | 329,035      | 3,893                       |
| Purchased Services (300-500 series)                          | 30,200             | 4,956               | 35,156          | 32,449       | 2,707                       |
| Supplies and Materials                                       | 30,000             | (7,563)             | 22,437          | 13,576       | 8,861                       |
| Other Objects                                                | 15,700             |                     | 15,700          | 7,421        | 8,279                       |
| Total School-Sponsored Cocurricular Activities - Instruction | 414,073            | (7,852)             | 406,221         | 382,481      | 23,740                      |
| School-Sponsored Cocurricular Athletics - Instruction:       |                    |                     |                 |              |                             |
| Salaries                                                     | 935,966            | 48,677              | 984,643         | 984,642      | 1                           |
| Purchased Services (300-500 series)                          | 236,134            | (586)               | 235,548         | 208,912      | 26,636                      |
| Supplies and Materials                                       | 106,568            | 34,370              | 140,938         | 120,776      | 20,162                      |
| Other Objects                                                | 46,800             | 18,916              | 65,716          | 65,715       | 1                           |
| Total School-Sponsored Cocurricular Athletics - Instruction  | 1,325,468          | 101,377             | 1,426,845       | 1,380,045    | 46,800                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|----------------------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| <b>EXPENDITURES:</b>                                           |                    |                     |                 |            |                             |
| <b>CURRENT EXPENSE</b>                                         |                    |                     |                 |            |                             |
| Summer School - Instruction:                                   |                    |                     |                 |            |                             |
| Salaries                                                       | \$ 89,466          | \$ (10,776)         | \$ 78,690       | \$ 78,688  | \$ 2                        |
| Other Salaries for Instruction                                 | 33,092             | (8,339)             | 24,753          | 24,752     | 1                           |
| Total Summer School - Instruction                              | 122,558            | (19,115)            | 103,443         | 103,440    | 3                           |
| Total Instruction                                              | 45,233,374         | 31,884              | 45,265,258      | 44,641,326 | 623,932                     |
| Undistributed Expenditures:                                    |                    |                     |                 |            |                             |
| Instruction:                                                   |                    |                     |                 |            |                             |
| Tuition to Other LEAs Within the State - Special               | 1,722,481          | 319,453             | 2,041,934       | 1,683,906  | 358,028                     |
| Tuition to County Vocational Schools - Regular                 | 1,389,689          | (53,450)            | 1,336,239       | 1,207,900  | 128,339                     |
| Tuition to County Vocational Schools - Special                 |                    | 19,000              | 19,000          | 17,200     | 1,800                       |
| Tuition to CSSD and Regional Day Schools                       |                    | 43,229              | 43,229          | 43,229     |                             |
| Tuition to Private Schools for the Disabled - Within the State | 6,694,214          | (402,317)           | 6,291,897       | 5,230,017  | 1,061,880                   |
| Total Undistributed Expenditures - Instruction                 | 9,806,384          | (74,085)            | 9,732,299       | 8,182,252  | 1,550,047                   |
| Attendance and Social Work Services:                           |                    |                     |                 |            |                             |
| Salaries                                                       | 80,177             |                     | 80,177          | 76,812     | 3,365                       |
| Purchased Professional and Technical Services                  | 91,910             | 10,500              | 102,410         | 93,750     | 8,660                       |
| Total Attendance and Social Work Services                      | 172,087            | 10,500              | 182,587         | 170,562    | 12,025                      |
| Health Services:                                               |                    |                     |                 |            |                             |
| Salaries                                                       | 1,067,677          | (144,517)           | 923,160         | 861,442    | 61,718                      |
| Purchased Professional and Technical Services                  | 53,483             | 130,742             | 184,225         | 167,182    | 17,043                      |
| Other Purchased Services (400-500 series)                      |                    | 850                 | 850             | 740        | 110                         |
| Supplies and Materials                                         | 35,000             | 9,835               | 44,835          | 39,660     | 5,175                       |
| Total Health Services                                          | 1,156,160          | (3,090)             | 1,153,070       | 1,069,024  | 84,046                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|---------------------------------------------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>EXPENDITURES:</b>                                                      |                    |                     |                  |                  |                             |
| <b>CURRENT EXPENSE</b>                                                    |                    |                     |                  |                  |                             |
| Undistributed Expenditures:                                               |                    |                     |                  |                  |                             |
| Other Support Services - Speech, OT, PT and Related Services:             |                    |                     |                  |                  |                             |
| Salaries                                                                  | \$ 1,012,725       | \$ (48,785)         | \$ 963,940       | \$ 922,353       | \$ 41,587                   |
| Purchased Professional - Educational Services                             | 3,687,423          | 57,923              | 3,745,346        | 3,374,617        | 370,729                     |
| Other Purchased Services (400-500 series)                                 | 1,000              | (1,000)             |                  |                  |                             |
| Supplies and Materials                                                    | 16,200             | 162                 | 16,362           | 11,465           | 4,897                       |
| <b>Total Other Support Services - Speech, OT, PT and Related Services</b> | <b>4,717,348</b>   | <b>8,300</b>        | <b>4,725,648</b> | <b>4,308,435</b> | <b>417,213</b>              |
| Other Support Services - Students - Extraordinary Services:               |                    |                     |                  |                  |                             |
| Salaries                                                                  | 896,232            | 89,767              | 985,999          | 969,188          | 16,811                      |
| <b>Total Other Support Services - Students - Extraordinary Services</b>   | <b>896,232</b>     | <b>89,767</b>       | <b>985,999</b>   | <b>969,188</b>   | <b>16,811</b>               |
| Guidance:                                                                 |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                                      | 1,484,161          | 27,794              | 1,511,955        | 1,506,056        | 5,899                       |
| Salaries of Secretarial and Clerical Assistants                           | 301,829            | 40,583              | 342,412          | 342,411          | 1                           |
| Other Salaries                                                            | 636                | 6,411               | 7,047            | 7,047            |                             |
| Other Purchased Professional and Technical Services                       | 5,855              | (5,500)             | 355              | 177              | 178                         |
| Other Purchased Services (400-500 series)                                 | 1,650              |                     | 1,650            | 467              | 1,183                       |
| Supplies and Materials                                                    | 30,907             |                     | 30,907           | 20,338           | 10,569                      |
| Other Objects                                                             | 610                |                     | 610              | 592              | 18                          |
| <b>Total Guidance</b>                                                     | <b>1,825,648</b>   | <b>69,288</b>       | <b>1,894,936</b> | <b>1,877,088</b> | <b>17,848</b>               |
| Child Study Team:                                                         |                    |                     |                  |                  |                             |
| Salaries of Other Professional Staff                                      | 1,413,240          | 17,670              | 1,430,910        | 1,429,580        | 1,330                       |
| Salaries of Secretarial and Clerical Assistants                           | 234,051            | 34,326              | 268,377          | 266,027          | 2,350                       |
| Purchased Professional - Educational Services                             | 272,494            | (10,000)            | 262,494          | 241,502          | 20,992                      |
| Other Purchased Professional and Technical Services                       | 27,000             |                     | 27,000           | 26,776           | 224                         |
| Other Purchased Services (400-500 series)                                 | 1,500              | 20                  | 1,520            | 1,060            | 460                         |
| Supplies and Materials                                                    | 42,340             | (3,890)             | 38,450           | 33,001           | 5,449                       |
| Other Objects                                                             | 175                |                     | 175              | 175              |                             |
| <b>Total Child Study Team</b>                                             | <b>1,990,800</b>   | <b>38,126</b>       | <b>2,028,926</b> | <b>1,998,121</b> | <b>30,805</b>               |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|-------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES:                                   |                    |                     |                 |            |                             |
| CURRENT EXPENSE                                 |                    |                     |                 |            |                             |
| Undistributed Expenditures:                     |                    |                     |                 |            |                             |
| Improvement of Instructional Services:          |                    |                     |                 |            |                             |
| Salaries of Supervisors of Instruction          | \$ 713,820         |                     | \$ 713,820      | \$ 713,820 |                             |
| Salaries of Other Professional Staff            | 325,707            | (18,644)            | 307,063         | 301,654    | \$ 5,409                    |
| Salaries of Secretarial and Clerical Assistants | 97,208             | 819                 | 98,027          | 97,843     | 184                         |
| Purchased Professional - Educational Services   | 35,450             |                     | 35,450          | 35,253     | 197                         |
| Supplies and Materials                          | 6,800              |                     | 6,800           | 1,953      | 4,847                       |
| Total Improvement of Instructional Services     | 1,178,985          | (17,825)            | 1,161,160       | 1,150,523  | 10,637                      |
| Educational Media Services/School Library:      |                    |                     |                 |            |                             |
| Salaries                                        | 761,835            | 20,188              | 782,023         | 782,020    | 3                           |
| Other Purchased Services (400-500 series)       | 1,760              | 215                 | 1,975           | 1,019      | 956                         |
| Supplies and Materials                          | 82,100             | (724)               | 81,376          | 80,394     | 982                         |
| Total Educational Media Services/School Library | 845,695            | 19,679              | 865,374         | 863,433    | 1,941                       |
| Instructional Staff Training Services:          |                    |                     |                 |            |                             |
| Salaries of Supervisors of Instruction          | 1,101,803          | (157,098)           | 944,705         | 944,704    | 1                           |
| Salaries of Secretarial and Clerical Assistants | 98,255             | 1                   | 98,256          | 98,219     | 37                          |
| Other Salaries                                  | 2,867              |                     | 2,867           | 2,866      | 1                           |
| Purchased Professional - Educational Services   | 6,800              | 13,380              | 20,180          | 13,243     | 6,937                       |
| Total Instructional Staff Training Services     | 1,209,725          | (143,717)           | 1,066,008       | 1,059,032  | 6,976                       |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                     | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|-----------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES:                                       |                    |                     |                 |            |                             |
| CURRENT EXPENSE                                     |                    |                     |                 |            |                             |
| Undistributed Expenditures:                         |                    |                     |                 |            |                             |
| Support Services - General Administration:          |                    |                     |                 |            |                             |
| Salaries                                            | \$ 362,090         |                     | \$ 362,090      | \$ 362,089 | \$ 1                        |
| Legal Services                                      | 121,145            | (21,800)            | 99,345          | 58,836     | 40,509                      |
| Audit Fees                                          | 75,000             | 36,000              | 111,000         | 91,000     | 20,000                      |
| Architectural/Engineering Services                  | 31,100             | 5,800               | 36,900          | 17,259     | 19,641                      |
| Other Purchased Professional Services               | 13,542             |                     | 13,542          | 11,375     | 2,167                       |
| Purchased Technical Services                        | 7,000              |                     | 7,000           | 4,965      | 2,035                       |
| Communications/Telephone                            | 322,865            | (660)               | 322,205         | 296,382    | 25,823                      |
| BOE Other Purchased Services                        | 7,000              | 1,479               | 8,479           | 8,475      | 4                           |
| Miscellaneous Purchased Services (400-500 series)   | 131,413            | (18,215)            | 113,198         | 107,105    | 6,093                       |
| General Supplies                                    | 8,000              |                     | 8,000           | 2,969      | 5,031                       |
| Miscellaneous Expenditures                          | 28,130             |                     | 28,130          | 13,235     | 14,895                      |
| BOE Membership Dues and Fees                        | 30,000             | (819)               | 29,181          | 27,739     | 1,442                       |
| Total Support Services - General Administration     | 1,137,285          | 1,785               | 1,139,070       | 1,001,429  | 137,641                     |
| Support Services - School Administration:           |                    |                     |                 |            |                             |
| Salaries of Principals/Assistant Principals         | 2,267,156          | 19,185              | 2,286,341       | 2,277,420  | 8,921                       |
| Salaries of Other Professional Staff                | 208,400            | 155,310             | 363,710         | 363,580    | 130                         |
| Salaries of Secretarial and Clerical Assistants     | 818,483            | 34,162              | 852,645         | 838,983    | 13,662                      |
| Unused Vacation Payment to Terminated/Retired Staff |                    | 66,256              | 66,256          | 66,255     | 1                           |
| Purchased Professional and Technical Services       | 500                |                     | 500             |            | 500                         |
| Supplies and Materials                              | 15,000             | 20,311              | 35,311          | 23,973     | 11,338                      |
| Other Objects                                       | 2,000              |                     | 2,000           | 1,850      | 150                         |
| Total Support Services - School Administration      | 3,311,539          | 295,224             | 3,606,763       | 3,572,061  | 34,702                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                         | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|---------------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES:                                           |                    |                     |                 |            |                             |
| CURRENT EXPENSE                                         |                    |                     |                 |            |                             |
| Undistributed Expenditures:                             |                    |                     |                 |            |                             |
| Central Services:                                       |                    |                     |                 |            |                             |
| Salaries                                                | \$ 996,983         | \$ (68,784)         | \$ 928,199      | \$ 928,198 | \$ 1                        |
| Unused Vacation Payment to Terminated/Retired Staff     |                    | 1,415               | 1,415           | 1,414      | 1                           |
| Purchased Professional Services                         | 134,376            | 9,000               | 143,376         | 117,845    | 25,531                      |
| Purchased Professional Services - Public Relation Costs | 25,000             | 17,500              | 42,500          | 42,386     | 114                         |
| Purchased Technical Services                            | 146,273            | (4,000)             | 142,273         | 111,912    | 30,361                      |
| Miscellaneous Purchased Services (400-500 series)       | 4,650              | 400                 | 5,050           | 2,130      | 2,920                       |
| Supplies and Materials                                  | 21,998             | (3,600)             | 18,398          | 16,154     | 2,244                       |
| Miscellaneous Expenditures                              | 7,000              |                     | 7,000           | 2,474      | 4,526                       |
| Total Central Services                                  | 1,336,280          | (48,069)            | 1,288,211       | 1,222,513  | 65,698                      |
| Administration Information Technology:                  |                    |                     |                 |            |                             |
| Salaries                                                | 454,425            | 3,843               | 458,268         | 458,267    | 1                           |
| Purchased Professional Services                         | 25,000             | (10,000)            | 15,000          | 5,028      | 9,972                       |
| Purchased Technical Services                            | 332,062            | (9,000)             | 323,062         | 255,203    | 67,859                      |
| Other Purchased Services (400-500 series)               | 5,000              |                     | 5,000           | 1,960      | 3,040                       |
| Supplies and Materials                                  | 5,000              |                     | 5,000           |            | 5,000                       |
| Total Administration Information Technology             | 821,487            | (15,157)            | 806,330         | 720,458    | 85,872                      |
| Required Maintenance for School Facilities:             |                    |                     |                 |            |                             |
| Salaries                                                | 817,419            | (22,556)            | 794,863         | 794,701    | 162                         |
| Cleaning, Repair and Maintenance Services               | 479,370            | 385,225             | 864,595         | 471,924    | 392,671                     |
| General Supplies                                        | 357,445            | 14,485              | 371,930         | 271,812    | 100,118                     |
| Other Objects                                           | 9,188              |                     | 9,188           | 5,607      | 3,581                       |
| Total Required Maintenance for School Facilities        | 1,663,422          | 377,154             | 2,040,576       | 1,544,044  | 496,532                     |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                              | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|------------------------------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES:                                                                |                    |                     |                 |              |                             |
| CURRENT EXPENSE                                                              |                    |                     |                 |              |                             |
| Undistributed Expenditures:                                                  |                    |                     |                 |              |                             |
| Custodial Services:                                                          |                    |                     |                 |              |                             |
| Salaries                                                                     | \$ 3,113,135       | \$ (24,467)         | \$ 3,088,668    | \$ 3,052,489 | \$ 36,179                   |
| Salaries of Non-Instructional Aides                                          | 458,075            | (41,744)            | 416,331         | 365,265      | 51,066                      |
| Unused Vacation Payment to Terminated/Retired Staff                          |                    | 24,467              | 24,467          | 24,467       |                             |
| Purchased Professional and Technical Services                                | 134,275            |                     | 134,275         | 132,809      | 1,466                       |
| Cleaning, Repair and Maintenance Services                                    | 207,527            | 57,052              | 264,579         | 253,632      | 10,947                      |
| Rental of Land & Bldg. Not Lease Pur Agrmnt                                  | 200,000            | 8,057               | 208,057         | 208,056      | 1                           |
| Other Purchased Property Services                                            | 350,547            |                     | 350,547         | 211,433      | 139,114                     |
| Insurance                                                                    | 556,744            | 36,792              | 593,536         | 568,057      | 25,479                      |
| Travel                                                                       |                    | 500                 | 500             | 372          | 128                         |
| General Supplies                                                             | 384,524            | (60,480)            | 324,044         | 278,939      | 45,105                      |
| Energy (Natural Gas)                                                         | 619,061            | (24,930)            | 594,131         | 350,218      | 243,913                     |
| Energy (Electricity)                                                         | 1,039,288          | 25,427              | 1,064,715       | 1,007,424    | 57,291                      |
| Energy (Gasoline)                                                            | 51,229             |                     | 51,229          | 40,295       | 10,934                      |
| Total Custodial Services                                                     | 7,114,405          | 674                 | 7,115,079       | 6,493,456    | 621,623                     |
| Care and Upkeep of Grounds:                                                  |                    |                     |                 |              |                             |
| Salaries                                                                     | 337,412            | (38,316)            | 299,096         | 286,059      | 13,037                      |
| Unused Vacation Payment to Terminated/Retired Staff                          |                    | 8,233               | 8,233           | 8,232        | 1                           |
| Cleaning, Repair and Maintenance Services                                    | 87,965             | 25,702              | 113,667         | 93,982       | 19,685                      |
| General Supplies                                                             | 72,557             | 3,000               | 75,557          | 70,680       | 4,877                       |
| Total Care and Upkeep of Grounds                                             | 497,934            | (1,381)             | 496,553         | 458,953      | 37,600                      |
| Security:                                                                    |                    |                     |                 |              |                             |
| Salaries                                                                     |                    | 83                  | 83              | 82           | 1                           |
| Purchased Professional and Technical Services                                | 672,877            | 26,830              | 699,707         | 652,048      | 47,659                      |
| Cleaning, Repair and Maintenance Services                                    | 15,000             | 4,115               | 19,115          |              | 19,115                      |
| General Supplies                                                             | 10,000             | 19,530              | 29,530          | 26,529       | 3,001                       |
| Total Security                                                               | 697,877            | 50,558              | 748,435         | 678,659      | 69,776                      |
| Total Undistributed Expenditures-Operation and Maintenance of Plant Services | 9,973,638          | 427,005             | 10,400,643      | 9,175,112    | 1,225,531                   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|-----------------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES:                                             |                    |                     |                 |            |                             |
| CURRENT EXPENSE                                           |                    |                     |                 |            |                             |
| Undistributed Expenditures:                               |                    |                     |                 |            |                             |
| Student Transportation Services:                          |                    |                     |                 |            |                             |
| Salaries for Pupil Transportation:                        |                    |                     |                 |            |                             |
| Between Home and School - Regular                         | \$ 456,626         | \$ (18,000)         | \$ 438,626      | \$ 432,106 | \$ 6,520                    |
| Between Home and School - Special                         | 12,793             |                     | 12,793          | 6,317      | 6,476                       |
| Other Than Between Home and School - Regular              | 134,912            | 18,000              | 152,912         | 140,749    | 12,163                      |
| Management Fee - ESC & CTSA Transportation Program        | 228,890            | (9,500)             | 219,390         | 155,480    | 63,910                      |
| Other Purchased Professional and Technical Services       | 10,000             | 1,629               | 11,629          | 9,634      | 1,995                       |
| Cleaning, Repair and Maintenance Services                 | 30,000             | (129)               | 29,871          | 9,734      | 20,137                      |
| Contracted Services:                                      |                    |                     |                 |            |                             |
| Aid in Lieu Payments:                                     |                    |                     |                 |            |                             |
| Nonpublic Schools                                         | 290,825            |                     | 290,825         | 270,710    | 20,115                      |
| Charter Schools                                           | 2,000              |                     | 2,000           |            | 2,000                       |
| Between Home and School - Vendors                         | 1,005,000          | (11,038)            | 993,962         | 890,802    | 103,160                     |
| Other Than Between Home and School - Vendors              | 63,146             | 26,500              | 89,646          | 56,595     | 33,051                      |
| Special Education Students - Vendors                      | 456,000            | (2,500)             | 453,500         | 406,676    | 46,824                      |
| Special Education Students - Joint Agreements             | 7,395              | 6,000               | 13,395          | 3,597      | 9,798                       |
| Regular Students - ESCs & CTSA                            | 10,000             |                     | 10,000          |            | 10,000                      |
| Special Education Students - ESCs & CTSA                  | 5,046,099          | (238,901)           | 4,807,198       | 3,815,110  | 992,088                     |
| Travel                                                    |                    | 2,000               | 2,000           | 2,000      |                             |
| Miscellaneous Purchased Services                          | 10,000             | 678                 | 10,678          | 8,783      | 1,895                       |
| General Supplies                                          | 500                | (178)               | 322             | 321        | 1                           |
| Transportation Supplies                                   | 100,103            | 5,168               | 105,271         | 58,953     | 46,318                      |
| Other Objects                                             | 1,000              | (168)               | 832             | 395        | 437                         |
| Total Student Transportation Services                     | 7,865,289          | (220,439)           | 7,644,850       | 6,267,962  | 1,376,888                   |
| Allocated Benefits:                                       |                    |                     |                 |            |                             |
| Regular Programs - Instruction:                           |                    |                     |                 |            |                             |
| Tuition Reimbursement                                     | 204,171            |                     | 204,171         | 183,353    | 20,818                      |
| Total Allocated Benefits - Regular Programs - Instruction | 204,171            |                     | 204,171         | 183,353    | 20,818                      |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                     | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|---------------------------------------------------------------------|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES:                                                       |                    |                     |                 |            |                             |
| CURRENT EXPENSE                                                     |                    |                     |                 |            |                             |
| Undistributed Expenditures:                                         |                    |                     |                 |            |                             |
| Allocated Benefits:                                                 |                    |                     |                 |            |                             |
| Improvement of Instruction Services:                                |                    |                     |                 |            |                             |
| Tuition Reimbursement                                               | \$ 21,580          |                     | \$ 21,580       | \$ 16,014  | \$ 5,566                    |
| Total Allocated Benefits - Improvement of Instruction Services      | 21,580             |                     | 21,580          | 16,014     | 5,566                       |
| Support Services - School Administration:                           |                    |                     |                 |            |                             |
| Tuition Reimbursement                                               | 55,000             | \$ (6,746)          | 48,254          | 29,355     | 18,899                      |
| Total Allocated Benefits - Support Services - School Administration | 55,000             | (6,746)             | 48,254          | 29,355     | 18,899                      |
| Total Allocated Benefits                                            | 280,751            | (6,746)             | 274,005         | 228,722    | 45,283                      |
| Unallocated Benefits:                                               |                    |                     |                 |            |                             |
| Social Security Contributions                                       | 1,254,000          |                     | 1,254,000       | 1,179,327  | 74,673                      |
| Other Retirement Contributions - PERS                               | 1,933,055          | (24,248)            | 1,908,807       | 1,718,854  | 189,953                     |
| Other Retirement Contributions - Regular                            | 35,000             |                     | 35,000          | 23,056     | 11,944                      |
| Workmen's Compensation                                              | 461,929            | (15,752)            | 446,177         | 424,194    | 21,983                      |
| Health Benefits                                                     | 22,177,073         | (316,145)           | 21,860,928      | 21,111,195 | 749,733                     |
| Tuition Reimbursement                                               | 15,309             | 6,746               | 22,055          | 21,338     | 717                         |
| Other Employee Benefits                                             | 398,301            | (2,928)             | 395,373         | 242,807    | 152,566                     |
| Unused Sick Payment to Terminated/Retired Staff                     | 93,371             |                     | 93,371          | 32,917     | 60,454                      |
| Total Unallocated Benefits                                          | 26,368,038         | (352,327)           | 26,015,711      | 24,753,688 | 1,262,023                   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                              | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--------------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES:                                                |                    |                     |                 |              |                             |
| CURRENT EXPENSE                                              |                    |                     |                 |              |                             |
| Undistributed Expenditures:                                  |                    |                     |                 |              |                             |
| On-Behalf TPAF Contributions (Non-Budgeted):                 |                    |                     |                 |              |                             |
| Post-Retirement Medical                                      |                    |                     |                 | \$ 4,446,464 | \$ (4,446,464)              |
| Pension                                                      |                    |                     |                 | 15,030,959   | (15,030,959)                |
| Non-Contributory Insurance                                   |                    |                     |                 | 186,193      | (186,193)                   |
| Long-Term Disability Insurance                               |                    |                     |                 | 7,478        | (7,478)                     |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) |                    |                     |                 | 3,370,786    | (3,370,786)                 |
| Total On-Behalf and Reimbursed Contributions                 |                    |                     |                 | 23,041,880   | (23,041,880)                |
| Total Personal Services - Employee Benefits                  | \$ 26,648,789      | \$ (359,073)        | \$ 26,289,716   | 48,024,290   | (21,734,574)                |
| Total Undistributed Expenses                                 | 74,893,371         | 78,219              | 74,971,590      | 91,631,483   | (16,659,893)                |
| TOTAL GENERAL CURRENT EXPENSE                                | 120,126,745        | 110,103             | 120,236,848     | 136,272,809  | (16,035,961)                |
| CAPITAL OUTLAY                                               |                    |                     |                 |              |                             |
| Equipment:                                                   |                    |                     |                 |              |                             |
| Undistributed Expenditures:                                  |                    |                     |                 |              |                             |
| Instruction                                                  |                    | 126,929             | 126,929         |              | 126,929                     |
| Central Services                                             | 7,321              |                     | 7,321           | 7,321        |                             |
| Administration Information Technology                        | 234,250            | 152,234             | 386,484         | 386,483      | 1                           |
| Required Maintenance for School Facilities                   | 302,645            | 122,616             | 425,261         | 302,645      | 122,616                     |
| Care and Upkeep of Grounds                                   | 100,000            | 73,665              | 173,665         | 67,598       | 106,067                     |
| Security                                                     | 10,242             | 4,940               | 15,182          | 15,182       |                             |
| Total Equipment                                              | 654,458            | 480,384             | 1,134,842       | 779,229      | 355,613                     |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                           | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual      | Variance<br>Final to Actual |
|-----------------------------------------------------------|--------------------|---------------------|-----------------|-------------|-----------------------------|
| <b>CAPITAL OUTLAY</b>                                     |                    |                     |                 |             |                             |
| Facilities Acquisition and Construction Services:         |                    |                     |                 |             |                             |
| Architectural/Engineering Services                        | \$ 161,850         | \$ 67,000           | \$ 228,850      | \$ 201,700  | \$ 27,150                   |
| Other Purchased Professional and Technical Services       | 71,804             | 496,302             | 568,106         |             | 568,106                     |
| Construction Services                                     | 4,050,121          | 949,049             | 4,999,170       | 3,711,626   | 1,287,544                   |
| Lease Purchase Agreements - Principal                     | 750,001            |                     | 750,001         | 520,983     | 229,018                     |
| Other Objects (Debt Service Assessment)                   | 165,426            |                     | 165,426         | 165,426     |                             |
| Total Facilities Acquisition and Construction Services    | 5,199,202          | 1,512,351           | 6,711,553       | 4,599,735   | 2,111,818                   |
| Assets Acquired Under Leases (Non-Budgeted):              |                    |                     |                 |             |                             |
| Equipment:                                                |                    |                     |                 |             |                             |
| Undistributed Expenditures:                               |                    |                     |                 | 754,265     | (754,265)                   |
| Instruction                                               |                    |                     |                 | 754,265     | (754,265)                   |
| Total Assets Acquired Under Leases (Non-Budgeted)         |                    |                     |                 |             |                             |
| TOTAL CAPITAL OUTLAY                                      | 5,853,660          | 1,992,735           | 7,846,395       | 6,133,229   | 1,713,166                   |
| Transfer of Funds to Charter Schools                      | 81,386             | 54,085              | 135,471         | 109,855     | 25,616                      |
| TOTAL EXPENDITURES                                        | 126,061,791        | 2,156,923           | 128,218,714     | 142,515,893 | (14,297,179)                |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (8,528,355)        | (2,156,923)         | (10,685,278)    | (1,603,885) | 9,081,393                   |
| Other Financing Sources/(Uses):                           |                    |                     |                 |             |                             |
| Leases (Non-Budgeted)                                     |                    |                     |                 | 754,265     | 754,265                     |
| Capital Projects Fund Reimbursement - Capital Reserve     |                    |                     |                 | 401,151     | 401,151                     |
| Transfers In/(Out):                                       |                    |                     |                 |             |                             |
| Capital Projects Fund Interest                            |                    |                     |                 | 14,629      | 14,629                      |
| Transfers Out:                                            |                    |                     |                 |             |                             |
| Board Contribution:                                       |                    |                     |                 |             |                             |
| Special Revenue Fund - PreK - Inclusion                   | (102,347)          |                     | (102,347)       | (70,930)    | 31,417                      |
| Capital Projects Fund - Capital Reserve                   |                    | (1,880,311)         | (1,880,311)     | (1,355,311) | 525,000                     |
| Total Other Financing Sources/(Uses)                      | (102,347)          | (1,880,311)         | (1,982,658)     | (256,196)   | 1,726,462                   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                | Original<br>Budget   | Budget<br>Transfers   | Final<br>Budget      | Actual               | Variance<br>Final to Actual |
|----------------------------------------------------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------------|
| Excess/(Deficiency) of Revenues and Other Financing Sources    |                      |                       |                      |                      |                             |
| Over/(Under) Expenditures and Other Financing Uses             |                      |                       |                      |                      |                             |
| Fund Balance, July 1                                           | \$ (8,630,702)       | \$ (4,037,234)        | \$ (12,667,936)      | \$ (1,860,081)       | \$ 10,807,855               |
| Fund Balance, June 30                                          | 30,152,049           |                       | 30,152,049           | 30,152,049           |                             |
|                                                                | <u>\$ 21,521,347</u> | <u>\$ (4,037,234)</u> | <u>\$ 17,484,113</u> | <u>\$ 28,291,968</u> | <u>\$ 10,807,855</u>        |
| Recapitulation:                                                |                      |                       |                      |                      |                             |
| Restricted:                                                    |                      |                       |                      |                      |                             |
| Excess Surplus - Designated for Subsequent Year's Expenditures |                      |                       |                      | \$ 2,000,000         |                             |
| Excess Surplus                                                 |                      |                       |                      | 2,000,000            |                             |
| Capital Reserve                                                |                      |                       |                      | 16,788,791           |                             |
| Maintenance Reserve                                            |                      |                       |                      | 671,956              |                             |
| Unemployment Compensation                                      |                      |                       |                      | 1,419,244            |                             |
| Assigned:                                                      |                      |                       |                      |                      |                             |
| Encumbrances                                                   |                      |                       |                      | 2,866,966            |                             |
| Unassigned                                                     |                      |                       |                      | <u>2,545,011</u>     |                             |
|                                                                |                      |                       |                      | <u>28,291,968</u>    |                             |
| Reconciliation to Governmental Funds Statement (GAAP):         |                      |                       |                      |                      |                             |
| June State Aid Payments not Recognized on GAAP Basis           |                      |                       |                      | <u>(824,956)</u>     |                             |
| Fund Balance per Governmental Funds (GAAP)                     |                      |                       |                      | <u>\$ 27,467,012</u> |                             |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Unaudited)

|                                                                                          | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|------------------------------------------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| REVENUES:                                                                                |                    |                     |                 |              |                             |
| Local Sources                                                                            | \$ 354,284         | \$ 1,162,280        | \$ 1,516,564    | \$ 1,516,990 | \$ 426                      |
| State Sources                                                                            | 1,083,030          | 51,932              | 1,134,962       | 699,468      | (435,494)                   |
| Federal Sources                                                                          | 1,680,377          | 412,724             | 2,093,101       | 1,953,006    | (140,095)                   |
| Total Revenues                                                                           | 3,117,691          | 1,626,936           | 4,744,627       | 4,169,464    | (575,163)                   |
| Other Financing Sources:                                                                 |                    |                     |                 |              |                             |
| Transfer In - Board Contribution - General Fund                                          | 102,347            | (31,417)            | 70,930          | 70,930       |                             |
| Total Revenues and Other Financing Sources                                               | 3,220,038          | 1,595,519           | 4,815,557       | 4,240,394    | (575,163)                   |
| EXPENDITURES:                                                                            |                    |                     |                 |              |                             |
| Instruction                                                                              |                    |                     |                 |              |                             |
| Personal Services - Salaries                                                             | 557,773            | (17,731)            | 540,042         | 535,068      | 4,974                       |
| Other Purchased Services                                                                 | 1,415,020          | (42,406)            | 1,372,614       | 1,371,053    | 1,561                       |
| General Supplies                                                                         | 52,340             | 81,130              | 133,470         | 73,212       | 60,258                      |
| Textbooks                                                                                | 44,110             | (5,960)             | 38,150          | 32,071       | 6,079                       |
| Total Instruction                                                                        | 2,069,243          | 15,033              | 2,084,276       | 2,011,404    | 72,872                      |
| Support Services                                                                         |                    |                     |                 |              |                             |
| Personal Services - Salaries                                                             |                    | 69,888              | 69,888          | 20,933       | 48,955                      |
| Personal Services - Employee Benefits                                                    | 46,824             | (32,695)            | 14,129          | 10,159       | 3,970                       |
| Purchased Professional/Educational Services                                              | 600,885            | 50,885              | 651,770         | 609,442      | 42,328                      |
| Purchased Professional and Technical Services                                            | 108,431            | 370,891             | 479,322         | 433,308      | 46,014                      |
| Other Purchased Services                                                                 | 700                | 14,850              | 15,550          | 8,305        | 7,245                       |
| Supplies and Materials                                                                   |                    | 57,479              | 57,479          | 31,492       | 25,987                      |
| Other Objects                                                                            |                    | 12,600              | 12,600          | 12,600       |                             |
| Student Activities                                                                       |                    | 1,036,588           | 1,036,588       | 1,036,588    |                             |
| Total Support Services                                                                   | 756,840            | 1,580,486           | 2,337,326       | 2,162,827    | 174,499                     |
| Facilities Acquisition:                                                                  |                    |                     |                 |              |                             |
| Non-Instructional Equipment                                                              | 393,955            |                     | 393,955         |              | 393,955                     |
| Total Facilities Acquisition                                                             | 393,955            |                     | 393,955         |              | 393,955                     |
| Total Expenditures                                                                       | 3,220,038          | 1,595,519           | 4,815,557       | 4,174,231    | 641,326                     |
| Excess/(Deficiency) of Revenues and Other<br>Financing Sources Over/(Under) Expenditures | \$ - 0 -           | \$ - 0 -            | \$ - 0 -        | \$ 66,163    | \$ 66,163                   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

|                                                                                                                                                                                                                           | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------|
| Sources/Inflows of Resources:                                                                                                                                                                                             |                         |                                     |
| Actual Amounts (Budgetary Basis) "Revenue"                                                                                                                                                                                |                         |                                     |
| from the Budgetary Comparison Schedule                                                                                                                                                                                    | \$ 140,912,008          | \$ 4,169,464                        |
| Difference - Budget to GAAP:                                                                                                                                                                                              |                         |                                     |
| Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary<br>Basis Recognizes Encumbrances as Expenditures and Revenue, whereas<br>the GAAP Basis does not.                                                |                         |                                     |
| Current Year Encumbrances                                                                                                                                                                                                 |                         | (45,142)                            |
| Prior Year Encumbrances                                                                                                                                                                                                   |                         | 122,508                             |
| Cancellation of Prior Year Encumbrances                                                                                                                                                                                   |                         | (355)                               |
| Prior Year State Aid Payments Recognized for GAAP Statements, not<br>Recognized for Budgetary Purposes                                                                                                                    | 707,581                 | 4,950                               |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not<br>Recognized for GAAP Statements                                                                                                                  | <u>(824,956)</u>        | <u>(4,950)</u>                      |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds                                                                                                | <u>\$ 140,794,633</u>   | <u>\$ 4,246,475</u>                 |
| Uses/Outflows of Resources:                                                                                                                                                                                               |                         |                                     |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule                                                                                                                               | \$ 142,515,893          | \$ 4,174,231                        |
| Differences - Budget to GAAP:                                                                                                                                                                                             |                         |                                     |
| Encumbrances for Supplies and Equipment Ordered but<br>Not Received are Reported in the Year the Order is Placed for<br>Budgetary Purposes, not in the Year the Supplies are Received<br>for Financial Reporting Purposes |                         |                                     |
| Current Year Encumbrances                                                                                                                                                                                                 |                         | (45,142)                            |
| Prior Year Encumbrances                                                                                                                                                                                                   |                         | 122,508                             |
| Cancellation of Prior Year Encumbrances                                                                                                                                                                                   |                         | <u>(355)</u>                        |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds                                                                                           | <u>\$ 142,515,893</u>   | <u>\$ 4,251,242</u>                 |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

|                             |
|-----------------------------|
| <b>SPECIAL REVENUE FUND</b> |
|-----------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Elementary and Secondary Education Act |           |           |                        |
|-------------------------------------------------|----------------------------------------|-----------|-----------|------------------------|
|                                                 | Title I                                |           | Title IIA | Title III<br>Immigrant |
|                                                 | 2024-25                                | 2023-24   |           |                        |
| REVENUE:                                        |                                        |           |           |                        |
| State Sources                                   |                                        |           |           |                        |
| Federal Sources                                 | \$ 180,264                             | \$ 12,980 | \$ 65,338 | \$ 28,232              |
| Local Sources                                   |                                        |           |           |                        |
| Total Revenue                                   | 180,264                                | 12,980    | 65,338    | 28,232                 |
| Other Financing Sources:                        |                                        |           |           |                        |
| Transfer In - Board Contribution - General Fund |                                        |           |           |                        |
| Total Revenue and Other Financing Sources       | \$ 180,264                             | \$ 12,980 | \$ 65,338 | \$ 28,232              |
| EXPENDITURES:                                   |                                        |           |           |                        |
| Instruction:                                    |                                        |           |           |                        |
| Personal Services - Salaries                    | \$ 7,507                               |           |           |                        |
| Other Purchased Services                        |                                        |           |           |                        |
| General Supplies                                | 326                                    | \$ 3,750  | \$ 5,349  | \$ 3,456               |
| Textbooks                                       |                                        |           |           |                        |
| Total Instruction                               | 7,833                                  | 3,750     | 5,349     | 3,456                  |
| Support Services:                               |                                        |           |           |                        |
| Personal Services - Salaries                    | \$ 15,434                              |           | 987       | 4,512                  |
| Personal Services - Employee Benefits           | 1,080                                  | 5,147     | 76        | 345                    |
| Purchased Professional/Educational Services     |                                        |           |           |                        |
| Purchased Professional and Technical Services   | 163,750                                |           | 31,371    |                        |
| Other Purchased Services                        |                                        |           | 5,605     | 2,700                  |
| Supplies and Materials                          |                                        |           | 12,012    | 19,120                 |
| Other Objects                                   |                                        |           | 12,600    |                        |
| Student Activities                              |                                        |           |           |                        |
| Total Support Services                          | 180,264                                | 5,147     | 61,588    | 22,883                 |
| Total Expenditures                              | \$ 180,264                             | \$ 12,980 | \$ 65,338 | \$ 28,232              |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Elementary and<br>Secondary Education<br>Act | COVID-19<br>ARP GEER<br>High-Impact<br>Tutoring | I.D.E.A. - Part B, Basic |         |           |
|-------------------------------------------------|----------------------------------------------|-------------------------------------------------|--------------------------|---------|-----------|
|                                                 |                                              |                                                 | Regular                  | 2023-24 | Preschool |
|                                                 |                                              |                                                 |                          | 2024-25 |           |
| REVENUE:                                        |                                              |                                                 |                          |         |           |
| State Sources                                   |                                              |                                                 |                          |         |           |
| Federal Sources                                 | \$ 1,710                                     | \$ 48,279                                       | \$ 1,544,747             | \$ 459  | \$ 62,684 |
| Local Sources                                   |                                              |                                                 |                          |         |           |
| Total Revenue                                   | 1,710                                        | 48,279                                          | 1,544,747                | 459     | 62,684    |
| Other Financing Sources:                        |                                              |                                                 |                          |         |           |
| Transfer In - Board Contribution - General Fund |                                              |                                                 |                          |         |           |
| Total Revenue and Other Financing Sources       | \$ 1,710                                     | \$ 48,279                                       | \$ 1,544,747             | \$ 459  | \$ 62,684 |
| EXPENDITURES:                                   |                                              |                                                 |                          |         |           |
| Instruction:                                    |                                              |                                                 |                          |         |           |
| Personal Services - Salaries                    |                                              | \$ 44,768                                       |                          |         |           |
| Other Purchased Services                        |                                              |                                                 | \$ 1,371,053             |         |           |
| General Supplies                                |                                              |                                                 |                          |         |           |
| Textbooks                                       |                                              |                                                 |                          |         |           |
| Total Instruction                               |                                              | 44,768                                          | 1,371,053                |         |           |
| Support Services:                               |                                              |                                                 |                          |         |           |
| Personal Services - Salaries                    |                                              |                                                 |                          |         |           |
| Personal Services - Employee Benefits           |                                              | 3,511                                           |                          |         |           |
| Purchased Professional/Educational Services     |                                              |                                                 |                          |         |           |
| Purchased Professional and Technical Services   |                                              |                                                 |                          |         |           |
| Other Purchased Services                        | \$ 1,350                                     |                                                 | 173,694                  | \$ 459  | \$ 62,684 |
| Supplies and Materials                          | 360                                          |                                                 |                          |         |           |
| Other Objects                                   |                                              |                                                 |                          |         |           |
| Student Activities                              |                                              |                                                 |                          |         |           |
| Total Support Services                          | 1,710                                        | 3,511                                           | 173,694                  | 459     | 62,684    |
| Total Expenditures                              | \$ 1,710                                     | \$ 48,279                                       | \$ 1,544,747             | \$ 459  | \$ 62,684 |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Nonpublic Auxiliary Services (Chapter 192) |                           |                     | Nonpublic Handicapped Services (Chapter 193) |                                 |  |
|-------------------------------------------------|--------------------------------------------|---------------------------|---------------------|----------------------------------------------|---------------------------------|--|
|                                                 | English as a<br>Second Language            | Compensatory<br>Education | Home<br>Instruction | Supplementary<br>Instruction                 | Examination &<br>Classification |  |
| REVENUE:                                        |                                            |                           |                     |                                              |                                 |  |
| State Sources                                   | \$ 883                                     | \$ 83,136                 | \$ 8,611            | \$ 97,055                                    | \$ 98,981                       |  |
| Federal Sources                                 |                                            |                           |                     |                                              |                                 |  |
| Local Sources                                   |                                            |                           |                     |                                              |                                 |  |
| Total Revenue                                   | 883                                        | 83,136                    | 8,611               | 97,055                                       | 98,981                          |  |
| Other Financing Sources:                        |                                            |                           |                     |                                              |                                 |  |
| Transfer In - Board Contribution - General Fund |                                            |                           |                     |                                              |                                 |  |
| Total Revenue and Other Financing Sources       | 883                                        | 83,136                    | 8,611               | 97,055                                       | 98,981                          |  |
| EXPENDITURES:                                   |                                            |                           |                     |                                              |                                 |  |
| Instruction:                                    |                                            |                           |                     |                                              |                                 |  |
| Personal Services - Salaries                    |                                            |                           |                     |                                              |                                 |  |
| Other Purchased Services                        |                                            |                           |                     |                                              |                                 |  |
| General Supplies                                |                                            |                           |                     |                                              |                                 |  |
| Textbooks                                       |                                            |                           |                     |                                              |                                 |  |
| Total Instruction                               |                                            |                           |                     |                                              |                                 |  |
| Support Services:                               |                                            |                           |                     |                                              |                                 |  |
| Personal Services - Salaries                    |                                            |                           |                     |                                              |                                 |  |
| Personal Services - Employee Benefits           |                                            |                           |                     |                                              |                                 |  |
| Purchased Professional/Educational Services     | \$ 883                                     | \$ 83,136                 | \$ 8,611            | \$ 97,055                                    | \$ 98,981                       |  |
| Purchased Professional and Technical Services   |                                            |                           |                     |                                              |                                 |  |
| Other Purchased Services                        |                                            |                           |                     |                                              |                                 |  |
| Supplies and Materials                          |                                            |                           |                     |                                              |                                 |  |
| Other Objects                                   |                                            |                           |                     |                                              |                                 |  |
| Student Activities                              |                                            |                           |                     |                                              |                                 |  |
| Total Support Services                          | 883                                        | 83,136                    | 8,611               | 97,055                                       | 98,981                          |  |
| Total Expenditures                              | 883                                        | 83,136                    | 8,611               | 97,055                                       | 98,981                          |  |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Nonpublic<br>Handicapped<br>Services<br>(Chapter 193) | Technology | Textbooks | NJ Nonpublic |            |  |
|-------------------------------------------------|-------------------------------------------------------|------------|-----------|--------------|------------|--|
|                                                 | Corrective Speech                                     |            |           | Nursing      | Security   |  |
| REVENUE:                                        |                                                       |            |           |              |            |  |
| State Sources                                   | \$ 29,946                                             | \$ 36,239  | \$ 32,071 | \$ 90,480    | \$ 144,024 |  |
| Federal Sources                                 |                                                       |            |           |              |            |  |
| Local Sources                                   |                                                       |            |           |              |            |  |
| Total Revenue                                   | 29,946                                                | 36,239     | 32,071    | 90,480       | 144,024    |  |
| Other Financing Sources:                        |                                                       |            |           |              |            |  |
| Transfer In - Board Contribution - General Fund |                                                       |            |           |              |            |  |
| Total Revenue and Other Financing Sources       | \$ 29,946                                             | \$ 36,239  | \$ 32,071 | \$ 90,480    | \$ 144,024 |  |
| EXPENDITURES:                                   |                                                       |            |           |              |            |  |
| Instruction:                                    |                                                       |            |           |              |            |  |
| Personal Services - Salaries                    |                                                       |            |           |              |            |  |
| Other Purchased Services                        |                                                       |            |           |              |            |  |
| General Supplies                                |                                                       |            |           |              |            |  |
| Textbooks                                       |                                                       |            | \$ 32,071 |              |            |  |
| Total Instruction                               |                                                       |            | 32,071    |              |            |  |
| Support Services:                               |                                                       |            |           |              |            |  |
| Personal Services - Salaries                    |                                                       |            |           |              |            |  |
| Personal Services - Employee Benefits           | \$ 29,946                                             | \$ 36,239  |           | \$ 90,480    | \$ 144,024 |  |
| Purchased Professional/Educational Services     |                                                       |            |           |              |            |  |
| Purchased Professional and Technical Services   |                                                       |            |           |              |            |  |
| Other Purchased Services                        |                                                       |            |           |              |            |  |
| Supplies and Materials                          |                                                       |            |           |              |            |  |
| Other Objects                                   |                                                       |            |           |              |            |  |
| Student Activities                              |                                                       |            |           |              |            |  |
| Total Support Services                          | 29,946                                                | 36,239     |           | 90,480       | 144,024    |  |
| Total Expenditures                              | \$ 29,946                                             | \$ 36,239  | \$ 32,071 | \$ 90,480    | \$ 144,024 |  |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                 | Preschool<br>Education Aid<br>(Consultant) | Preschool<br>Education Aid | Advanced<br>Placement<br>African American<br>Studies | Local<br>Sources | Student<br>Activities | Totals<br>June 30, 2025 |
|-------------------------------------------------|--------------------------------------------|----------------------------|------------------------------------------------------|------------------|-----------------------|-------------------------|
| REVENUE:                                        |                                            |                            |                                                      |                  |                       |                         |
| State Sources                                   | \$ 18,000                                  | \$ 49,500                  | \$ 10,542                                            |                  |                       | \$ 699,468              |
| Federal Sources                                 |                                            | 360,871                    |                                                      | \$ 53,368        | \$ 1,102,751          | 1,953,006               |
| Local Sources                                   |                                            |                            |                                                      |                  |                       | 1,516,990               |
| Total Revenue                                   | 18,000                                     | 410,371                    | 10,542                                               | 53,368           | 1,102,751             | 4,169,464               |
| Other Financing Sources:                        |                                            |                            |                                                      |                  |                       |                         |
| Transfer In - Board Contribution - General Fund |                                            | 70,930                     |                                                      |                  |                       | 70,930                  |
| Total Revenue and Other Financing Sources       | \$ 18,000                                  | \$ 481,301                 | \$ 10,542                                            | \$ 53,368        | \$ 1,102,751          | \$ 4,240,394            |
| EXPENDITURES:                                   |                                            |                            |                                                      |                  |                       |                         |
| Instruction:                                    |                                            |                            |                                                      |                  |                       |                         |
| Personal Services - Salaries                    |                                            | \$ 472,251                 | \$ 10,542                                            |                  |                       | \$ 535,068              |
| Other Purchased Services                        |                                            |                            |                                                      |                  |                       | 1,371,053               |
| General Supplies                                |                                            | 8,862                      |                                                      | \$ 51,469        |                       | 73,212                  |
| Textbooks                                       |                                            |                            |                                                      |                  |                       | 32,071                  |
| Total Instruction                               |                                            | 481,113                    | 10,542                                               | 51,469           |                       | 2,011,404               |
| Support Services:                               |                                            |                            |                                                      |                  |                       |                         |
| Personal Services - Salaries                    |                                            |                            |                                                      |                  |                       | 20,933                  |
| Personal Services - Employee Benefits           |                                            |                            |                                                      |                  |                       | 10,159                  |
| Purchased Professional/Educational Services     | \$ 18,000                                  | 188                        |                                                      | 1,899            |                       | 609,442                 |
| Purchased Professional and Technical Services   |                                            |                            |                                                      |                  |                       | 433,308                 |
| Other Purchased Services                        |                                            |                            |                                                      |                  |                       | 8,305                   |
| Supplies and Materials                          |                                            |                            |                                                      |                  |                       | 31,492                  |
| Other Objects                                   |                                            |                            |                                                      |                  |                       | 12,600                  |
| Student Activities                              |                                            |                            |                                                      |                  | \$ 1,036,588          | 1,036,588               |
| Total Support Services                          | 18,000                                     | 188                        |                                                      | 1,899            | 1,036,588             | 2,162,827               |
| Total Expenditures                              | \$ 18,000                                  | \$ 481,301                 | \$ 10,542                                            | \$ 53,368        | \$ 1,036,588          | \$ 4,174,231            |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

District-Wide Total

|                                             | <u>Budgeted</u>   | <u>Actual</u>     | <u>Variance</u> |
|---------------------------------------------|-------------------|-------------------|-----------------|
| EXPENDITURES:                               |                   |                   |                 |
| Instruction:                                |                   |                   |                 |
| Salaries of Teachers                        | \$ 472,251        | \$ 472,251        |                 |
| General Supplies                            | 8,862             | 8,862             |                 |
| Total Instruction                           | <u>481,113</u>    | <u>481,113</u>    |                 |
| Support Services:                           |                   |                   |                 |
| Purchased Professional/Educational Services | 188               | 188               |                 |
| Total Support Services                      | <u>188</u>        | <u>188</u>        |                 |
| Total Expenditures                          | <u>\$ 481,301</u> | <u>\$ 481,301</u> | <u>\$ - 0 -</u> |

CALCULATION OF BUDGET & CARRYOVER

|                                                                                            |                 |
|--------------------------------------------------------------------------------------------|-----------------|
| Total Revised 2024-2025 Preschool Education Aid Allocation                                 | \$ 49,500       |
| Add: Actual Preschool Education Carryover (June 30, 2024)                                  | - 0 -           |
| Add: Budgeted Transfer from the General Fund 2024-2025                                     | 70,930          |
| Add: Budgeted Tuition 2024-2025                                                            | 360,871         |
| Total Preschool Education Aid Funds Available for 2024-2025 Budget                         | 481,301         |
| Less: 2024-2025 Budgeted Preschool Education Aid (Including prior year budgeted carryover) | (481,301)       |
| Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2025                   | - 0 -           |
| Add: June 30, 2025 Unexpended Preschool Education Aid                                      | - 0 -           |
| Less: 2024-2025 Commissioner-approved Transfer to the General Fund                         | - 0 -           |
| 2024-2025 Carryover - Preschool Education Aid                                              | <u>\$ - 0 -</u> |
| 2024-2025 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2025-2026   | <u>\$ - 0 -</u> |

|                              |
|------------------------------|
| <b>CAPITAL PROJECTS FUND</b> |
|------------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                          |                            |
|--------------------------------------------------------------------------|----------------------------|
| Revenue and Other Financing Sources:                                     |                            |
| Bond Proceeds and Transfers                                              | \$ 20,000,000              |
| Transfer from Capital Reserve                                            | 1,355,311                  |
| Interest Revenue                                                         | <u>14,629</u>              |
| Total Revenue and Other Financing Sources                                | <u>\$ 21,369,940</u>       |
| Expenditures and Other Financing Uses:                                   |                            |
| Purchased Professional and Technical Services                            | 808,505                    |
| Land and Improvements                                                    | 10,662,737                 |
| Transfer to General Fund - Interest Earned                               | <u>14,629</u>              |
| Total Expenditures and Other Financing Uses                              | <u>11,485,871</u>          |
| Excess/(Deficiency) of Revenue and Other Financing Sources               |                            |
| Over/(Under) Expenditures and Other Financing Uses                       | 9,884,069                  |
| Fund Balance - Beginning                                                 | <u>- 0 -</u>               |
| Fund Balance - Ending                                                    | <u><u>\$ 9,884,069</u></u> |
| <u>Recapitulation of Fund Balance at June 30, 2025:</u>                  |                            |
| Restricted                                                               | \$ 4,357,350               |
| Restricted - Year-End Encumbrances                                       | <u>4,219,908</u>           |
|                                                                          | <u>8,577,258</u>           |
| Committed                                                                | 1,099,700                  |
| Committed - Year-End Encumbrances                                        | <u>207,111</u>             |
|                                                                          | <u>1,306,811</u>           |
| Fund Balance/(Deficit) per Governmental Funds (Budgetary and GAAP Basis) | <u><u>\$ 9,884,069</u></u> |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
REFERENDUM PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                                     | Prior Periods    | Current Year  | Totals        | Project Authorization |
|-------------------------------------------------------------------------------------|------------------|---------------|---------------|-----------------------|
| Revenue and Other Financing Sources:                                                |                  |               |               |                       |
| Bond Proceeds and Transfers                                                         |                  | \$ 20,000,000 | \$ 20,000,000 | \$ 44,770,000         |
| Total Revenue and Other Financing Sources                                           | \$ - 0 -         | 20,000,000    | 20,000,000    | 44,770,000            |
| Expenditures:                                                                       |                  |               |               |                       |
| Purchased Professional and Technical Services                                       |                  | 760,005       | 760,005       | 4,478,949             |
| Land and Improvements                                                               |                  | 10,662,737    | 10,662,737    | 10,669,750            |
| Construction Services                                                               |                  |               |               | 29,621,301            |
| Total Expenditures                                                                  | - 0 -            | 11,422,742    | 11,422,742    | 44,770,000            |
| Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures | \$ - 0 -         | \$ 8,577,258  | \$ 8,577,258  | \$ - 0 -              |
| Additional Project Information:                                                     |                  |               |               |                       |
| Bond Authorization Date                                                             | January 28, 2025 |               |               |                       |
| Bonds Authorized                                                                    | \$ 44,770,000    |               |               |                       |
| Bonds Issued                                                                        | \$ 20,000,000    |               |               |                       |
| Original Authorized Cost                                                            | \$ 44,770,000    |               |               |                       |
| Percentage Completion                                                               | 25.51%           |               |               |                       |
| Original Target Completion Date                                                     | 6/30/2027        |               |               |                       |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
LA GRANDE ELEMENTARY SCHOOL - RENOVATION PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                                     | Prior Periods | Current Year | Totals       | Project Authorization |
|-------------------------------------------------------------------------------------|---------------|--------------|--------------|-----------------------|
| Revenue and Other Financing Sources:                                                |               |              |              |                       |
| Transfer from Capital Reserve                                                       |               | \$ 1,355,311 | \$ 1,355,311 | \$ 1,355,311          |
| Total Revenue and Other Financing Sources                                           | \$ - 0 -      | 1,355,311    | 1,355,311    | 1,355,311             |
| Expenditures:                                                                       |               |              |              |                       |
| Purchased Professional and Technical Services                                       |               | 48,500       | 48,500       | 1,148,200             |
| Construction Services                                                               |               |              |              | 207,111               |
| Total Expenditures                                                                  | - 0 -         | 48,500       | 48,500       | 1,355,311             |
| Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures | \$ - 0 -      | \$ 1,306,811 | \$ 1,306,811 | \$ - 0 -              |
| Additional Project Information:                                                     |               |              |              |                       |
| Original Authorized Cost                                                            |               | \$ 1,355,311 |              |                       |
| Percentage Completion                                                               |               | 3.58%        |              |                       |
| Original Target Completion Date                                                     |               | 6/30/2026    |              |                       |

|                          |
|--------------------------|
| <b>PROPRIETARY FUNDS</b> |
|--------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2025

|                                  | Business-Type Activities - Enterprise Funds |                                    |            |
|----------------------------------|---------------------------------------------|------------------------------------|------------|
|                                  | Major Fund                                  | Non-Major Fund                     |            |
|                                  | Food Service                                | Summer Community Education Program | Totals     |
| <u>ASSETS:</u>                   |                                             |                                    |            |
| Current Assets:                  |                                             |                                    |            |
| Cash and Cash Equivalents        | \$ 210,170                                  | \$ 219,809                         | \$ 429,979 |
| Accounts Receivable:             |                                             |                                    |            |
| Other - Student                  | 43,636                                      |                                    | 43,636     |
| Inventories                      | 12,559                                      |                                    | 12,559     |
| Total Current Assets             | 266,365                                     | 219,809                            | 486,174    |
| Non-Current Assets:              |                                             |                                    |            |
| Capital Assets                   | 1,179,509                                   |                                    | 1,179,509  |
| Less: Accumulated Depreciation   | (756,048)                                   |                                    | (756,048)  |
| Total Non-Current Assets         | 423,461                                     |                                    | 423,461    |
| Total Assets                     | 689,826                                     | 219,809                            | 909,635    |
| <u>LIABILITIES:</u>              |                                             |                                    |            |
| Current Liabilities:             |                                             |                                    |            |
| Accounts Payable - Vendors       | 40,096                                      |                                    | 40,096     |
| Interfund Payable - General Fund |                                             | 3,878                              | 3,878      |
| Unearned Revenue - Prepaid Sales | 107,089                                     |                                    | 107,089    |
| Total Current Liabilities        | 147,185                                     | 3,878                              | 151,063    |
| Total Liabilities                | 147,185                                     | 3,878                              | 151,063    |
| <u>NET POSITION:</u>             |                                             |                                    |            |
| Investment in Capital Assets     | 423,461                                     |                                    | 423,461    |
| Unrestricted                     | 119,180                                     | 215,931                            | 335,111    |
| Total Net Position               | \$ 542,641                                  | \$ 215,931                         | \$ 758,572 |

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, 2025

|                                  | Business-Type Activities - Enterprise Funds |                                    |              |
|----------------------------------|---------------------------------------------|------------------------------------|--------------|
|                                  | Major Fund                                  | Non-Major Fund                     |              |
|                                  | Food Service                                | Summer Community Education Program | Total        |
| Operating Revenue:               |                                             |                                    |              |
| Charges for Services:            |                                             |                                    |              |
| Daily Sales:                     |                                             |                                    |              |
| Non-Reimbursable Programs        | \$ 2,321,253                                |                                    | \$ 2,321,253 |
| Special Events                   | 16,417                                      |                                    | 16,417       |
| Program Fees                     |                                             | \$ 91,426                          | 91,426       |
| Total Operating Revenue          | 2,337,670                                   | 91,426                             | 2,429,096    |
| Operating Expenses:              |                                             |                                    |              |
| Cost of Sales:                   |                                             |                                    |              |
| Non-Reimbursable Programs        | 1,011,730                                   |                                    | 1,011,730    |
| Salaries                         | 755,912                                     | 65,608                             | 821,520      |
| Payroll Taxes                    | 116,182                                     |                                    | 116,182      |
| Employee Benefits                | 52,918                                      |                                    | 52,918       |
| Purchased Property Services      | 11,415                                      |                                    | 11,415       |
| Management Fee                   | 149,984                                     |                                    | 149,984      |
| Insurance                        | 86,127                                      |                                    | 86,127       |
| Supplies and Materials           | 88,276                                      | 13,226                             | 101,502      |
| Depreciation Expense             | 83,118                                      |                                    | 83,118       |
| Total Operating Expenses         | 2,355,662                                   | 78,834                             | 2,434,496    |
| Operating Income/(Loss)          | (17,992)                                    | 12,592                             | (5,400)      |
| Non-Operating Revenue:           |                                             |                                    |              |
| Local Sources - Interest Revenue | 4,900                                       | 3,571                              | 8,471        |
| Total Non-Operating Revenue      | 4,900                                       | 3,571                              | 8,471        |
| Change in Net Position           | (13,092)                                    | 16,163                             | 3,071        |
| Net Position - Beginning of Year | 555,733                                     | 199,768                            | 755,501      |
| Net Position - End of Year       | \$ 542,641                                  | \$ 215,931                         | \$ 758,572   |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

|                                                                                               | Business-Type Activities - Enterprise Funds |                                    |              |
|-----------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------------|--------------|
|                                                                                               | Major Fund                                  | Non-Major Fund                     |              |
|                                                                                               | Food Service                                | Summer Community Education Program | Total        |
| Cash Flows from Operating Activities:                                                         |                                             |                                    |              |
| Receipts from Customers                                                                       | \$ 2,330,014                                | \$ 84,632                          | \$ 2,414,646 |
| Payments to Employees                                                                         |                                             | (65,608)                           | (65,608)     |
| Payments to Food Service Vendor                                                               | (2,284,690)                                 |                                    | (2,284,690)  |
| Payments to Suppliers                                                                         | (11,790)                                    | (14,647)                           | (26,437)     |
| Net Cash Provided by Operating Activities                                                     | 33,534                                      | 4,377                              | 37,911       |
| Cash Flows from Investing Activities:                                                         |                                             |                                    |              |
| Interest Revenue                                                                              | 4,900                                       | 3,571                              | 8,471        |
| Net Cash Provided by Investing Activities                                                     | 4,900                                       | 3,571                              | 8,471        |
| Net Increase in Cash and Cash Equivalents                                                     | 38,434                                      | 7,948                              | 46,382       |
| Cash and Cash Equivalents, July 1                                                             | 171,736                                     | 211,861                            | 383,597      |
| Cash and Cash Equivalents, June 30                                                            | \$ 210,170                                  | \$ 219,809                         | \$ 429,979   |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:       |                                             |                                    |              |
| Operating Income/(Loss)                                                                       | \$ (17,992)                                 | \$ 12,592                          | \$ (5,400)   |
| Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities: |                                             |                                    |              |
| Depreciation                                                                                  | 83,118                                      |                                    | 83,118       |
| Changes in Assets and Liabilities:                                                            |                                             |                                    |              |
| (Increase) in Accounts Receivable                                                             | (11,948)                                    |                                    | (11,948)     |
| Decrease in Inventory                                                                         | 909                                         |                                    | 909          |
| (Decrease) in Accounts Payable                                                                | (24,845)                                    |                                    | (24,845)     |
| (Decrease) in Interfund Payable                                                               |                                             | (8,215)                            | (8,215)      |
| Increase in Unearned Revenue                                                                  | 4,292                                       |                                    | 4,292        |
| Net Cash Provided by Operating Activities                                                     | \$ 33,534                                   | \$ 4,377                           | \$ 37,911    |

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

|                              |
|------------------------------|
| <b>LONG-TERM LIABILITIES</b> |
|------------------------------|

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Purpose      | Date of<br>Issue | Original<br>Issue | Maturities of Bonds |               |         | Interest<br>Rate | Issued        | Balance<br>June 30, 2025 |
|--------------|------------------|-------------------|---------------------|---------------|---------|------------------|---------------|--------------------------|
|              |                  |                   | Date                | June 30, 2025 | Amount  |                  |               |                          |
| School Bonds | 5/15/2025        | \$ 20,000,000     | 4/15/2027           | \$            | 535,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2028           |               | 450,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2029           |               | 470,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2030           |               | 485,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2031           |               | 495,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2032           |               | 505,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2033           |               | 525,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2034           |               | 540,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2035           |               | 550,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2036           |               | 565,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2037           |               | 585,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2038           |               | 605,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2039           |               | 630,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2040           |               | 645,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2041           |               | 665,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2042           |               | 695,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2043           |               | 720,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2044           |               | 750,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2045           |               | 780,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2046           |               | 810,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2047           |               | 835,000 | 4.250%           |               |                          |
|              |                  |                   | 4/15/2048           |               | 860,000 | 4.375%           |               |                          |
|              |                  |                   | 4/15/2049-55        |               | 900,000 | 4.375%           |               |                          |
|              |                  |                   |                     |               |         |                  | \$ 20,000,000 | \$ 20,000,000            |
|              |                  |                   |                     |               |         |                  | \$ 20,000,000 | \$ 20,000,000            |

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

| Item                 | Interest<br>Rate | Original<br>Issue | Balance<br>July 1, 2024 | Issued     | Retired/<br>Matured | Balance<br>June 30, 2025 |
|----------------------|------------------|-------------------|-------------------------|------------|---------------------|--------------------------|
| Technology Equipment | 1.150%           | \$ 640,000        | \$ 160,909              | \$         | \$ 160,909          |                          |
| Technology Equipment | 3.980%           | 648,000           | 323,933                 |            | 158,806             | \$ 165,127               |
| Technology Equipment | 4.390%           | 700,000           | 513,816                 |            | 163,969             | 349,847                  |
| Technology Equipment | 1.800%           | 754,265           |                         | \$ 754,265 |                     | 754,265                  |
|                      |                  |                   | \$ 998,658              | \$ 754,265 | \$ 483,684          | \$ 1,269,239             |

**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**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

|                                             | June 30,             |                      |                      |                      |                      |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                             | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| Governmental Activities:                    |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 30,497,258        | \$ 37,610,963        | \$ 40,674,193        | \$ 45,813,783        | \$ 49,759,293        |
| Restricted                                  | 12,917,942           | 10,940,585           | 9,401,649            | 9,340,861            | 8,543,034            |
| Unrestricted/(Deficit)                      | <u>(18,910,330)</u>  | <u>(35,222,857)</u>  | <u>(34,311,274)</u>  | <u>(36,904,217)</u>  | <u>(36,499,268)</u>  |
| Total Governmental Activities Net Position  | <u>\$ 24,504,870</u> | <u>\$ 13,328,691</u> | <u>\$ 15,764,568</u> | <u>\$ 18,250,427</u> | <u>\$ 21,803,059</u> |
| Business-type Activities:                   |                      |                      |                      |                      |                      |
| Investment in Capital Assets                | \$ 418,966           | \$ 476,491           | \$ 495,352           | \$ 639,126           | \$ 877,904           |
| Unrestricted                                | <u>544,553</u>       | <u>671,249</u>       | <u>841,859</u>       | <u>850,210</u>       | <u>491,547</u>       |
| Total Business-Type Activities Net Position | <u>\$ 963,519</u>    | <u>\$ 1,147,740</u>  | <u>\$ 1,337,211</u>  | <u>\$ 1,489,336</u>  | <u>\$ 1,369,451</u>  |
| District-wide:                              |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 30,916,224        | \$ 38,087,454        | \$ 41,169,545        | \$ 46,452,909        | \$ 50,637,197        |
| Restricted                                  | 12,917,942           | 10,940,585           | 9,401,649            | 9,340,861            | 8,543,034            |
| Unrestricted/(Deficit)                      | <u>(18,365,777)</u>  | <u>(34,551,608)</u>  | <u>(33,469,415)</u>  | <u>(36,054,007)</u>  | <u>(36,007,721)</u>  |
| Total District Net Position                 | <u>\$ 25,468,389</u> | <u>\$ 14,476,431</u> | <u>\$ 17,101,779</u> | <u>\$ 19,739,763</u> | <u>\$ 23,172,510</u> |

|                                             | June 30,             |                      |                      |                      |                      |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                             | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 |
| Governmental Activities:                    |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 52,652,947        | \$ 54,594,293        | \$ 54,061,517        | \$ 53,112,601        | \$ 44,381,734        |
| Restricted                                  | 12,352,791           | 15,673,736           | 18,965,263           | 20,565,486           | 31,738,248           |
| Unrestricted (Deficit)                      | <u>(38,193,743)</u>  | <u>(33,266,508)</u>  | <u>(27,443,403)</u>  | <u>(28,628,186)</u>  | <u>(29,881,514)</u>  |
| Total Governmental Activities Net Position  | <u>\$ 26,811,995</u> | <u>\$ 37,001,521</u> | <u>\$ 45,583,377</u> | <u>\$ 45,049,901</u> | <u>\$ 46,238,468</u> |
| Business-type Activities:                   |                      |                      |                      |                      |                      |
| Investment in Capital Assets                | \$ 821,407           | \$ 664,406           | \$ 591,943           | \$ 506,579           | \$ 423,461           |
| Unrestricted                                | <u>403,002</u>       | <u>150,553</u>       | <u>249,853</u>       | <u>248,922</u>       | <u>335,111</u>       |
| Total Business-Type Activities Net Position | <u>\$ 1,224,409</u>  | <u>\$ 814,959</u>    | <u>\$ 841,796</u>    | <u>\$ 755,501</u>    | <u>\$ 758,572</u>    |
| District-wide:                              |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 53,474,354        | \$ 55,258,699        | \$ 54,653,460        | \$ 53,619,180        | \$ 44,805,195        |
| Restricted                                  | 12,352,791           | 15,673,736           | 18,965,263           | 20,565,486           | 31,738,248           |
| Unrestricted/(Deficit)                      | <u>(37,790,741)</u>  | <u>(33,115,955)</u>  | <u>(27,193,550)</u>  | <u>(28,379,264)</u>  | <u>(29,546,403)</u>  |
| Total District Net Position                 | <u>\$ 28,036,404</u> | <u>\$ 37,816,480</u> | <u>\$ 46,425,173</u> | <u>\$ 45,805,402</u> | <u>\$ 46,997,040</u> |

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

Fiscal Year Ending June 30,

|                                                | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          | 2024          | 2025          |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses:                                      |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities:                       |               |               |               |               |               |               |               |               |               |               |
| Instruction:                                   |               |               |               |               |               |               |               |               |               |               |
| Regular                                        | \$ 43,692,898 | \$ 49,923,482 | \$ 52,747,279 | \$ 49,868,459 | \$ 48,783,904 | \$ 51,761,366 | \$ 51,174,165 | \$ 46,706,778 | \$ 49,617,338 | \$ 49,727,191 |
| Special Education                              | 10,934,944    | 12,500,181    | 14,513,061    | 14,167,892    | 14,412,459    | 14,674,647    | 15,141,345    | 14,658,419    | 15,438,866    | 15,309,866    |
| Other Special Instruction                      | 1,563,583     | 1,770,756     | 1,967,139     | 1,799,646     | 1,841,204     | 1,974,747     | 2,193,252     | 2,109,983     | 2,381,418     | 2,479,683     |
| Other Instruction                              | 2,000,304     | 2,248,680     | 2,508,663     | 2,346,662     | 2,375,191     | 2,378,762     | 2,621,630     | 2,479,896     | 2,611,519     | 2,722,647     |
| Support Services:                              |               |               |               |               |               |               |               |               |               |               |
| Tuition                                        | 5,831,628     | 6,965,262     | 7,148,759     | 6,984,723     | 7,799,897     | 7,742,976     | 8,159,899     | 7,657,346     | 9,483,626     | 8,182,252     |
| Student & Instruction Related Services         | 15,474,770    | 17,352,966    | 18,579,305    | 18,207,270    | 17,203,405    | 18,662,194    | 20,278,177    | 19,178,483    | 20,607,410    | 20,860,084    |
| General Administrative Services                | 997,976       | 1,086,903     | 1,203,243     | 1,433,354     | 1,073,592     | 1,141,228     | 1,103,060     | 1,149,105     | 1,317,262     | 1,523,313     |
| School Administrative Services                 | 4,738,566     | 5,286,367     | 5,673,581     | 5,382,820     | 5,219,933     | 5,362,023     | 5,533,999     | 4,906,204     | 5,144,039     | 5,201,324     |
| Central Services                               | 1,554,422     | 1,711,539     | 1,803,640     | 1,737,018     | 1,755,610     | 1,827,695     | 2,036,700     | 1,943,469     | 1,690,515     | 1,720,730     |
| Administrative Information Technology          | 562,430       | 582,113       | 648,683       | 582,295       | 725,422       | 760,411       | 819,227       | 840,449       | 1,021,118     | 1,343,655     |
| Plant Operations and Maintenance               | 12,109,564    | 12,488,899    | 11,528,538    | 11,498,861    | 12,660,730    | 11,348,794    | 8,810,550     | 10,529,785    | 12,053,229    | 13,831,915    |
| Pupil Transportation                           | 3,357,758     | 3,648,484     | 3,503,244     | 3,702,192     | 3,667,558     | 4,314,930     | 5,534,211     | 5,546,205     | 8,855,235     | 6,692,949     |
| Charter Schools                                | 13,382        | 15,619        | 15,619        | 36,433        | 29,893        | 95,276        | 81,901        | 57,513        | 74,560        | 109,855       |
| Interest on Long-term Debt                     | 350,352       | 319,387       | 240,213       | 223,271       | 175,984       | 96,542        | 38,282        | 397           |               |               |
| Unallocated Depreciation                       | 1,099,731     | 1,172,750     | 1,415,613     | 1,470,694     | 1,351,697     | 1,661,587     | 1,823,839     | 2,116,614     | 2,192,678     | 2,242,000     |
| Total Governmental Activities Expenses         | 104,282,308   | 117,073,388   | 123,496,580   | 119,441,590   | 119,076,479   | 123,803,178   | 125,350,237   | 119,880,646   | 132,488,813   | 131,947,464   |
| Business-Type Activities:                      |               |               |               |               |               |               |               |               |               |               |
| Food Service                                   | 1,531,493     | 1,641,624     | 1,695,605     | 1,761,173     | 1,372,529     | 379,051       | 1,391,322     | 2,163,328     | 2,317,437     | 2,355,662     |
| Summer Community Education Program             | 49,793        | 52,930        | 54,022        | 53,949        | 56,182        |               | 51,439        | 42,976        | 105,999       | 78,834        |
| Total Business-Type Activities Expenses        | 1,581,286     | 1,694,554     | 1,749,627     | 1,815,122     | 1,428,711     | 379,051       | 1,442,761     | 2,206,304     | 2,423,436     | 2,434,496     |
| Total District-Wide Expenses                   | 105,863,594   | 118,767,942   | 125,246,207   | 121,256,712   | 120,505,190   | 124,182,229   | 126,792,998   | 122,086,950   | 134,912,249   | 134,381,960   |
| Program Revenues:                              |               |               |               |               |               |               |               |               |               |               |
| Governmental Activities:                       |               |               |               |               |               |               |               |               |               |               |
| Charges for Services:                          |               |               |               |               |               |               |               |               |               |               |
| Instruction (Tuition)                          | 214,459       | 296,911       | 340,855       | 329,565       | 299,372       | 188,545       | 337,235       | 398,464       | 417,092       | 384,474       |
| Instruction (Preschool Tuition)                |               |               |               |               |               | 315,995       | 876,342       | 1,069,336     | 1,181,001     | 1,102,751     |
| Student & Instruction Related Services         | 26,781        | 29,687        | 29,188        | 33,063        | 20,312        | 625           | 8,500         | 8,500         | 8,850         | 5,500         |
| Pupil Transportation                           | 24,893,790    | 31,671,333    | 36,729,234    | 29,987,004    | 27,573,466    | 31,921,378    | 37,299,860    | 27,492,516    | 26,923,001    | 23,558,130    |
| Operating Grants and Contributions             | 584,459       | 136           |               |               |               | 475,926       | 51,880        | 257,248       |               |               |
| Capital Grants and Contributions               |               |               |               |               |               |               |               |               |               |               |
| Total Governmental Activities Program Revenues | 25,719,489    | 31,998,067    | 37,099,277    | 30,349,632    | 27,893,150    | 32,902,469    | 38,573,817    | 29,226,064    | 28,529,944    | 25,050,855    |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

Fiscal Year Ending June 30,

|                                                                                   | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024          | 2025          |
|-----------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Business-Type Activities:                                                         |              |              |              |              |              |              |              |              |               |               |
| Charges for Services:                                                             |              |              |              |              |              |              |              |              |               |               |
| Food Service                                                                      | \$ 1,356,111 | \$ 1,497,477 | \$ 1,607,623 | \$ 1,896,444 | \$ 1,297,496 | \$ 5,069     | \$ 912,742   | \$ 2,124,880 | \$ 2,221,674  | \$ 2,337,670  |
| Summer Community Education Program                                                | 59,352       | 51,717       | 55,562       | 65,295       | 1,965        | 26,797       | 72,826       | 101,598      | 106,127       | 91,426        |
| Operating Grants and Contributions                                                | 303,524      | 330,762      | 348,875      |              |              | 201,081      |              |              |               |               |
| Total Business-Type Activities Revenues                                           | 1,718,987    | 1,879,956    | 2,012,060    | 1,961,739    | 1,299,461    | 232,947      | 985,568      | 2,226,478    | 2,327,801     | 2,429,096     |
| Total District-wide Program Revenues                                              | 27,438,476   | 33,878,023   | 39,111,337   | 32,311,371   | 29,192,611   | 33,135,416   | 39,559,385   | 31,452,542   | 30,857,745    | 27,479,951    |
| Net (Expense)/Revenue:                                                            |              |              |              |              |              |              |              |              |               |               |
| Governmental Activities                                                           | (78,562,819) | (85,075,321) | (86,397,303) | (89,091,958) | (91,183,329) | (90,900,709) | (86,776,420) | (90,654,582) | (103,958,869) | (106,896,609) |
| Business-Type Activities                                                          | 137,701      | 185,402      | 262,433      | 146,617      | (129,250)    | (146,104)    | (457,193)    | 20,174       | (95,635)      | (5,400)       |
| Total District-wide Net (Expense)/Revenue                                         | (78,425,118) | (84,889,919) | (86,134,870) | (88,945,341) | (91,312,579) | (91,046,813) | (87,233,613) | (90,634,408) | (104,054,504) | (106,902,009) |
| General Revenues and Other Changes in Net Position:                               |              |              |              |              |              |              |              |              |               |               |
| Governmental Activities:                                                          |              |              |              |              |              |              |              |              |               |               |
| Property Taxes Levied for General Purposes, Net                                   | 81,930,358   | 84,222,883   | 86,626,357   | 89,409,067   | 91,197,248   | 93,021,192   | 95,364,671   | 97,271,964   | 101,758,124   | 106,043,502   |
| Taxes Levied for Debt Service                                                     | 1,581,675    | 1,527,125    | 1,467,050    | 1,409,450    | 1,352,250    | 1,294,500    | 1,231,125    | 758,500      |               |               |
| Unrestricted Grants and Contributions                                             | 211,565      | 295,334      | 295,940      | 144,503      | 143,520      | 159,615      | 154,054      | 215,198      | 560,043       | 596,683       |
| Investment Earnings                                                               | 37,390       | 63,501       | 173,547      | 258,470      | 225,622      | 42,819       | 32,322       | 580,651      | 771,523       | 663,409       |
| Miscellaneous Income                                                              | 369,354      | 277,219      | 270,286      | 356,327      | 255,807      | 405,693      | 235,303      | 410,125      | 335,703       | 380,431       |
| Other Item - Capital Projects Fund                                                |              |              |              |              |              |              |              |              |               |               |
| Reimbursement - Capital Reserve                                                   |              |              |              |              |              |              | (51,529)     |              |               | 401,151       |
| Transfers                                                                         |              |              |              |              |              |              |              |              |               |               |
| Total Governmental Activities General Revenues and Other Changes in Net Position  | 84,130,342   | 86,386,062   | 88,833,180   | 91,577,817   | 93,174,447   | 94,923,819   | 96,965,946   | 99,236,438   | 103,425,393   | 108,085,176   |
| Business-type Activities:                                                         |              |              |              |              |              |              |              |              |               |               |
| Investment Earnings                                                               | 840          | 1,953        | 6,329        | 10,848       | 9,365        | 1,062        | 420          | 6,663        | 9,340         | 8,471         |
| Transfers                                                                         | (5,536)      | (3,134)      | (79,291)     | (5,340)      |              |              | (4,206)      |              |               |               |
| Disposal of Capital Assets, Net                                                   | (4,696)      | (1,181)      | (72,962)     | 5,508        | 9,365        | 1,062        | 47,743       | 6,663        | 9,340         | 8,471         |
| Total Business-type Activities General Revenues and Other Changes in Net Position | 84,125,646   | 86,384,881   | 88,760,218   | 91,583,325   | 93,183,812   | 94,924,881   | 97,013,689   | 99,243,101   | 103,434,733   | 108,093,647   |
| Total District-wide General Revenues and Other Changes in Net Position            | 5,567,523    | 1,310,741    | 2,435,877    | 2,485,859    | 1,991,118    | 4,023,110    | 10,189,526   | 8,581,856    | (533,476)     | 1,188,567     |
| Change in Net Position:                                                           | 133,005      | 184,221      | 189,471      | 152,125      | (119,885)    | (145,042)    | (409,450)    | 26,837       | (86,295)      | 3,071         |
| Governmental Activities                                                           |              |              |              |              |              |              |              |              |               |               |
| Business-Type Activities                                                          | \$ 5,700,528 | \$ 1,494,962 | \$ 2,625,348 | \$ 2,637,984 | \$ 1,871,233 | \$ 3,878,068 | \$ 9,780,076 | \$ 8,608,693 | \$ (619,771)  | \$ 1,191,638  |

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,             |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
| General Fund:                      |                      |                      |                      |                      |                      |
| Restricted                         | \$ 12,917,942        | \$ 10,940,585        | \$ 9,401,649         | \$ 9,340,861         | \$ 8,058,617         |
| Assigned                           | 1,551,629            | 3,945,022            | 6,673,448            | 5,530,861            | 6,720,215            |
| Unassigned                         | 2,571,615            | 2,733,849            | 2,869,156            | 3,122,325            | 3,334,415            |
| Total General Fund                 | <u>\$ 17,041,186</u> | <u>\$ 17,619,456</u> | <u>\$ 18,944,253</u> | <u>\$ 17,994,047</u> | <u>\$ 18,113,247</u> |
| All Other Governmental Funds:      |                      |                      |                      |                      |                      |
| Restricted                         |                      |                      |                      |                      | \$ 484,417           |
| Committed                          | \$ 3,287,831         | \$ 357,998           | \$ 344,200           |                      |                      |
| Unassigned/(Deficit)               | <u>(4,950)</u>       | <u>(4,950)</u>       | <u>(4,950)</u>       | <u>\$ (235,887)</u>  | <u>(480,876)</u>     |
| Total All Other Governmental Funds | <u>\$ 3,282,881</u>  | <u>\$ 353,048</u>    | <u>\$ 339,250</u>    | <u>\$ (235,887)</u>  | <u>\$ 3,541</u>      |
| Total Governmental Funds           | <u>\$ 20,324,067</u> | <u>\$ 17,972,504</u> | <u>\$ 19,283,503</u> | <u>\$ 17,758,160</u> | <u>\$ 18,116,788</u> |
|                                    |                      |                      |                      |                      |                      |
|                                    | June 30,             |                      |                      |                      |                      |
|                                    | 2021                 | 2022                 | 2023                 | 2024                 | 2025                 |
| General Fund:                      |                      |                      |                      |                      |                      |
| Restricted                         | \$ 12,182,026        | \$ 15,491,614        | \$ 18,773,865        | \$ 20,350,650        | \$ 22,879,991        |
| Assigned                           | 2,360,587            | 3,488,382            | 8,931,979            | 6,612,502            | 2,866,966            |
| Unassigned                         | 5,624,076            | 5,787,093            | 2,776,598            | 2,481,316            | 1,720,055            |
| Total General Fund                 | <u>\$ 20,166,689</u> | <u>\$ 24,767,089</u> | <u>\$ 30,482,442</u> | <u>\$ 29,444,468</u> | <u>\$ 27,467,012</u> |
| All Other Governmental Funds:      |                      |                      |                      |                      |                      |
| Restricted                         | \$ 170,765           | \$ 182,122           | \$ 191,398           | \$ 214,836           | \$ 8,858,257         |
| Committed                          |                      |                      |                      |                      | 1,306,811            |
| Unassigned/(Deficit)               | <u>(4,950)</u>       | <u>(4,950)</u>       | <u>(4,950)</u>       | <u>(4,950)</u>       | <u>(4,950)</u>       |
| Total All Other Governmental Funds | <u>\$ 165,815</u>    | <u>\$ 177,172</u>    | <u>\$ 186,448</u>    | <u>\$ 209,886</u>    | <u>\$ 10,160,118</u> |
| Total Governmental Funds           | <u>\$ 20,332,504</u> | <u>\$ 24,944,261</u> | <u>\$ 30,668,890</u> | <u>\$ 29,654,354</u> | <u>\$ 37,627,130</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, |               |               |               |               |               |               |               |                |                |
|----------------------------------------|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
|                                        |  | 2016                        | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          | 2024           | 2025           |
| <b>Revenues:</b>                       |  |                             |               |               |               |               |               |               |               |                |                |
| Tax Levy                               |  | \$ 83,512,033               | \$ 85,750,008 | \$ 88,093,407 | \$ 90,518,517 | \$ 92,549,498 | \$ 94,315,692 | \$ 96,595,796 | \$ 98,030,464 | \$ 101,758,124 | \$ 106,043,502 |
| Tuition Charges                        |  | 37,390                      | 63,501        | 173,547       | 258,470       | 225,622       | 42,819        | 32,322        | 580,651       | 771,523        | 648,780        |
| Interest Earnings                      |  | 396,135                     | 306,906       | 299,474       | 389,390       | 276,119       | 406,318       | 243,803       | 418,625       | 344,553        | 400,560        |
| Miscellaneous                          |  | 393,816                     | 472,171       | 562,571       | 505,057       | 397,492       | 543,480       | 1,231,107     | 1,516,005     | 1,624,191      | 1,502,244      |
| Local Sources                          |  | 13,769,750                  | 14,366,636    | 16,321,306    | 18,597,769    | 20,365,283    | 24,935,525    | 30,331,877    | 32,176,938    | 34,141,192     | 34,354,951     |
| State Sources                          |  | 1,593,353                   | 1,603,779     | 1,641,893     | 1,503,112     | 1,505,935     | 2,346,169     | 2,651,634     | 2,948,938     | 2,996,452      | 2,082,097      |
| Federal Sources                        |  |                             |               |               |               |               |               |               |               |                |                |
| Total Revenues                         |  | 99,702,477                  | 102,563,001   | 107,092,198   | 111,772,315   | 115,319,949   | 122,590,003   | 131,086,539   | 135,671,621   | 141,636,035    | 145,055,737    |
| <b>Expenditures:</b>                   |  |                             |               |               |               |               |               |               |               |                |                |
| <b>Instruction:</b>                    |  |                             |               |               |               |               |               |               |               |                |                |
| Regular Instruction                    |  | 26,079,959                  | 27,017,506    | 27,493,247    | 27,923,963    | 28,318,737    | 30,748,479    | 30,003,184    | 30,907,070    | 32,612,858     | 32,745,395     |
| Special Education Instruction          |  | 6,804,505                   | 7,125,217     | 7,966,452     | 8,374,811     | 8,775,971     | 8,877,577     | 9,568,196     | 10,128,454    | 10,760,679     | 10,533,904     |
| Other Special Instruction              |  | 911,160                     | 936,319       | 985,841       | 1,009,327     | 1,048,407     | 1,159,975     | 1,271,255     | 1,361,000     | 1,527,964      | 1,611,030      |
| School Sponsored/Other Instruction     |  | 1,290,430                   | 1,323,044     | 1,423,243     | 1,437,316     | 1,504,907     | 1,486,284     | 1,611,491     | 1,668,692     | 1,791,553      | 1,865,966      |
| <b>Support Services:</b>               |  |                             |               |               |               |               |               |               |               |                |                |
| Tuition                                |  | 5,831,628                   | 6,965,262     | 7,148,759     | 6,984,723     | 7,799,897     | 7,742,976     | 8,159,899     | 7,657,346     | 9,483,626      | 8,182,252      |
| Student & Instruction Related Services |  | 10,510,946                  | 10,849,232    | 11,205,316    | 11,655,602    | 11,232,093    | 12,477,779    | 13,760,418    | 14,274,330    | 15,395,840     | 15,601,679     |
| General Administrative Services        |  | 768,763                     | 762,455       | 809,412       | 944,062       | 925,874       | 873,413       | 904,344       | 896,043       | 1,057,401      | 1,001,429      |
| School Administrative Services         |  | 2,766,264                   | 2,805,046     | 2,894,948     | 2,919,438     | 2,946,198     | 3,023,981     | 3,087,001     | 3,182,178     | 3,283,805      | 3,572,061      |
| Central Services                       |  | 955,902                     | 984,219       | 1,004,188     | 1,036,225     | 1,082,260     | 1,162,203     | 1,262,342     | 1,346,915     | 1,196,257      | 1,222,513      |
| Administrative Information Technology  |  | 392,072                     | 386,475       | 443,510       | 378,486       | 463,254       | 493,676       | 543,183       | 629,376       | 782,439        | 720,458        |
| Plant Operations and Maintenance       |  | 7,129,027                   | 7,618,734     | 7,260,037     | 7,846,561     | 8,250,307     | 6,711,174     | 7,679,664     | 7,614,657     | 8,839,895      | 9,175,112      |
| Pupil Transportation                   |  | 3,057,735                   | 3,279,991     | 3,061,385     | 3,299,205     | 3,280,694     | 3,896,405     | 5,119,784     | 5,169,115     | 8,476,072      | 6,267,962      |
| Allocated Benefits                     |  | 1,173,506                   | 1,241,365     | 1,56,776      | 165,812       | 170,878       | 165,294       | 178,819       | 145,348       | 131,496        | 228,722        |
| Unallocated Benefits                   |  | 22,002,712                  | 24,098,981    | 27,832,447    | 31,596,142    | 32,990,258    | 35,359,888    | 40,266,692    | 42,444,275    | 45,000,776     | 47,795,568     |
| Charter Schools                        |  | 13,382                      | 15,619        | 15,619        | 36,433        | 29,893        | 95,276        | 81,901        | 57,513        | 74,560         | 109,855        |
| Capital Outlay                         |  | 8,964,239                   | 8,952,974     | 5,247,969     | 7,188,102     | 6,975,957     | 5,448,407     | 2,333,955     | 2,354,180     | 2,235,350      | 17,604,471     |
| Debt Service:                          |  |                             |               |               |               |               |               |               |               |                |                |
| Principal                              |  | 1,225,000                   | 1,210,000     | 1,195,000     | 1,185,000     | 1,175,000     | 1,170,000     | 1,165,000     | 740,000       |                |                |
| Interest and Other Charges             |  | 356,675                     | 317,125       | 272,050       | 224,450       | 177,250       | 124,500       | 66,125        | 18,500        |                |                |
| Total Expenditures                     |  | 100,233,905                 | 105,889,564   | 106,416,199   | 114,205,658   | 117,147,835   | 121,017,287   | 127,063,253   | 130,594,992   | 142,650,571    | 158,238,377    |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(Modified Accrual Basis of Accounting)  
(Continued)

|                                                           | Fiscal Year Ending June 30, |                |              |                |                |              |              |              |                |                 |
|-----------------------------------------------------------|-----------------------------|----------------|--------------|----------------|----------------|--------------|--------------|--------------|----------------|-----------------|
|                                                           | 2016                        | 2017           | 2018         | 2019           | 2020           | 2021         | 2022         | 2023         | 2024           | 2025            |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (531,428)                | \$ (3,326,563) | \$ 675,999   | \$ (2,433,343) | \$ (1,827,886) | \$ 1,572,716 | \$ 4,023,286 | \$ 5,076,629 | \$ (1,014,536) | \$ (13,182,640) |
| Other Financing Sources (Uses):                           |                             |                |              |                |                |              |              |              |                |                 |
| Proceeds from School Bonds                                | 647,000                     | 675,000        | 635,000      | 608,000        | 625,000        | 643,000      | 640,000      | 648,000      |                | 20,000,000      |
| Leases (Non-Budgeted)                                     |                             |                |              |                |                |              |              |              |                | 754,265         |
| Capital Projects Fund Reimbursement:                      |                             |                |              |                |                |              |              |              |                |                 |
| Capital Reserve                                           |                             |                |              |                |                |              |              |              |                | 401,151         |
| Transfers In                                              | 5,701,219                   | 575,954        | 337,811      | 97,962         | 195,582        | 301,710      | 124,751      | 17,496       | 10,635         | 1,440,870       |
| Transfers Out                                             | (5,701,219)                 | (575,954)      | (337,811)    | (97,962)       | (195,582)      | (301,710)    | (176,280)    | (17,496)     | (10,635)       | (1,440,870)     |
| Total Other Financing Sources (Uses)                      | 647,000                     | 675,000        | 635,000      | 608,000        | 625,000        | 643,000      | 588,471      | 648,000      |                | 21,155,416      |
| Net Change in Fund Balances                               | \$ 115,572                  | \$ (2,651,563) | \$ 1,310,999 | \$ (1,825,343) | \$ (1,202,886) | \$ 2,215,716 | \$ 4,611,757 | \$ 5,724,629 | \$ (1,014,536) | \$ 7,972,776    |
| Debt Service as a Percentage of Non-capital Expenditures  | 1.7%                        | 1.6%           | 1.4%         | 1.3%           | 1.2%           | 1.1%         | 1.0%         | 0.6%         | 0.0%           | 0.0%            |

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<br>Ending June<br>30, | Tuition   | Interest on<br>Investments | Transportation<br>Fees from<br>Individuals | Other      | Total      |
|-----------------------------------|-----------|----------------------------|--------------------------------------------|------------|------------|
| 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    |
| 2023                              |           | 580,651                    | 8,500                                      | 410,125    | 999,276    |
| 2024                              |           | 771,523                    | 8,850                                      | 335,703    | 1,116,076  |
| 2025                              | \$ 23,603 | 648,780                    | 5,500                                      | 380,431    | 1,058,314  |

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<br>December 31, | Vacant Land  | Residential    | Farm<br>Regular | Farm<br>(Qualified) | Commercial    | Industrial   | Apartment | Total Assessed<br>Value | Add: Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Tax-Exempt<br>Property | Total Direct<br>School Tax<br>Rate <sup>b</sup> | Estimated Actual<br>(County<br>Equalized Value) |
|----------------------------|--------------|----------------|-----------------|---------------------|---------------|--------------|-----------|-------------------------|---------------------------------------|--------------------------|------------------------|-------------------------------------------------|-------------------------------------------------|
|                            |              |                |                 |                     |               |              |           |                         |                                       |                          |                        |                                                 |                                                 |
| 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                                   |
| 2022                       | 10,943,500   | 1,156,932,200  | -               | -                   | 80,507,700    | 11,858,700   | -         | 1,260,242,100           | 457,450                               | 1,260,699,550            | 57,955,900             | 1.752                                           | 1,362,164,951                                   |
| 2023                       | 10,893,000   | 1,165,482,500  | -               | -                   | 80,361,600    | 11,970,700   | -         | 1,268,707,800           | 425,626                               | 1,269,133,426            | 62,822,600             | 1.790                                           | 1,466,819,815                                   |
| 2024                       | 12,072,000   | 1,169,281,500  | -               | -                   | 80,621,500    | 12,082,700   | -         | 1,274,057,700           | 425,271                               | 1,274,482,971            | 63,472,200             | 1.843                                           | 1,566,658,990                                   |

**TOWNSHIP OF SCOTCH PLAINS**

| Year Ended<br>December 31, | Vacant Land  | Residential    | Farm<br>Regular | Farm<br>(Qualified) | Commercial    | Industrial   | Apartment    | Total Assessed<br>Value | Add: Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Tax-Exempt<br>Property | Total Direct<br>School Tax<br>Rate <sup>b</sup> | Estimated Actual<br>(County<br>Equalized Value) |
|----------------------------|--------------|----------------|-----------------|---------------------|---------------|--------------|--------------|-------------------------|---------------------------------------|--------------------------|------------------------|-------------------------------------------------|-------------------------------------------------|
|                            |              |                |                 |                     |               |              |              |                         |                                       |                          |                        |                                                 |                                                 |
| 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                                   |
| 2022                       | 11,099,400   | 922,854,000    | 482,000         | 5,700               | 50,806,400    | 6,078,000    | 25,561,800   | 1,016,887,300           | 753,785                               | 1,017,641,085            | 221,761,000            | 7.437                                           | 4,731,334,539                                   |
| 2023                       | 10,229,700   | 933,690,000    | 240,000         | 800                 | 50,928,200    | 6,078,000    | 25,561,800   | 1,026,728,500           | 715,366                               | 1,027,443,866            | 221,621,200            | 7.563                                           | 5,116,883,055                                   |
| 2024                       | 7,441,600    | 943,676,200    | 240,000         | 800                 | 49,638,700    | 6,078,000    | 25,561,800   | 1,032,637,100           | 673,600                               | 1,033,310,700            | 237,326,000            | 7.843                                           | 5,516,856,087                                   |

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<br>December 31, | Scotch Plains-Fanwood Regional School District |                            |              | Overlapping Rates        |                 | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|------------------------------------------------|----------------------------|--------------|--------------------------|-----------------|------------------------------------------------|
|                            | Direct Rate                                    |                            |              |                          |                 |                                                |
|                            | Basic Rate <sup>a</sup>                        | General<br>Obligation Debt | Total Direct | Borough<br>of<br>Fanwood | Union<br>County |                                                |
|                            |                                                | Service <sup>b</sup>       |              |                          |                 |                                                |
| 2015                       | \$ 7.7306                                      | \$ 0.1594                  | \$ 7.890     | \$ 2.785                 | \$ 2.567        | \$ 13.242                                      |
| 2016                       | 8.1654                                         | 0.1576                     | 8.323        | 2.783                    | 2.707           | 13.813                                         |
| 2017                       | 8.4635                                         | 0.1535                     | 8.617        | 2.858                    | 2.767           | 14.242                                         |
| 2018                       | 8.6839                                         | 0.1471                     | 8.831        | 2.864                    | 2.846           | 14.541                                         |
| 2019                       | 8.8209                                         | 0.1391                     | 8.960        | 2.858                    | 2.832           | 14.650                                         |
| 2020 *                     | 1.6348                                         | 0.0242                     | 1.659        | 0.532                    | 0.506           | 2.697                                          |
| 2021                       | 1.7122                                         | 0.0238                     | 1.736        | 0.538                    | 0.504           | 2.778                                          |
| 2022                       | 1.7297                                         | 0.0223                     | 1.752        | 0.565                    | 0.490           | 2.807                                          |
| 2023                       | 1.7762                                         | 0.0138                     | 1.790        | 0.579                    | 0.474           | 2.843                                          |
| 2024                       | 1.8430                                         |                            | 1.843        | 0.624                    | 0.470           | 2.937                                          |

**TOWNSHIP OF SCOTCH PLAINS**

| Year Ended<br>December 31, | Scotch Plains-Fanwood Regional School District |                                                    |              | Overlapping Rates               |                 | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|------------------------------------------------|----------------------------------------------------|--------------|---------------------------------|-----------------|------------------------------------------------|
|                            | Direct Rate                                    |                                                    |              | Township<br>of Scotch<br>Plains | Union<br>County |                                                |
|                            | Basic Rate <sup>a</sup>                        | General<br>Obligation Debt<br>Service <sup>b</sup> | Total Direct |                                 |                 |                                                |
| 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                       | 7.2803                                         | 0.0937                                             | 7.374        | 1.732                           | 2.160           | 11.266                                         |
| 2022                       | 7.3782                                         | 0.0588                                             | 7.437        | 1.739                           | 2.109           | 11.285                                         |
| 2023                       | 7.5630                                         |                                                    | 7.563        | 1.818                           | 2.040           | 11.421                                         |
| 2024                       | 7.8430                                         |                                                    | 7.843        | 1.885                           | 2.040           | 11.768                                         |

**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                            | 2024                   |      |                                        | 2015                   |      |                                        |
|-------------------------------------|------------------------|------|----------------------------------------|------------------------|------|----------------------------------------|
|                                     | 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    | 1.10%                                  | \$ 2,464,900           | 1    | 1.08%                                  |
| Fanwood Crossing II, Urban Renewal  | 7,096,500              | 2    | 0.56%                                  | 1,255,800              | 2    | 0.55%                                  |
| Partners Profit Fanwood Group LLC   | 5,911,800              | 3    | 0.46%                                  | 943,500                | 3    | 0.41%                                  |
| 250 South Avenue, Urban Renewal     | 5,561,500              | 4    | 0.44%                                  | 860,000                | 4    | 0.38%                                  |
| Fanwood Plaza Partners I            | 3,939,200              | 5    | 0.31%                                  | 827,000                | 5    | 0.36%                                  |
| Fanwood Plaza Partners II           | 3,527,000              | 6    | 0.28%                                  | 669,200                | 6    | 0.29%                                  |
| Fanwood Crossing III, Urban Renewal | 3,447,700              | 7    | 0.27%                                  | 666,300                | 7    | 0.29%                                  |
| Celtic Capital                      | 3,399,200              | 10   | 0.27%                                  | 475,000                | 10   | 0.21%                                  |
| 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%                                  |
| Total                               | <u>\$ 53,006,200</u>   |      | <u>4.17%</u>                           | <u>\$ 9,185,300</u>    |      | <u>4.02%</u>                           |

TOWNSHIP OF SCOTCH PLAINS

| Taxpayer                             | 2024                   |      |                                        | 2015                   |      |                                        |
|--------------------------------------|------------------------|------|----------------------------------------|------------------------|------|----------------------------------------|
|                                      | 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    | 0.81%                                  | \$ 8,400,000           | 1    | 0.85%                                  |
| Ashbrook Manor Associates LLC        | 7,500,000              | 2    | 0.73%                                  | 7,500,000              | 2    | 0.76%                                  |
| Riverside Village Associates         | 2,900,000              | 3    | 0.28%                                  | 2,900,000              | 3    | 0.29%                                  |
| Automatic Associates                 | 1,900,000              | 4    | 0.18%                                  | 1,900,000              | 5    | 0.19%                                  |
| Dornbusch                            | 1,750,000              | 5    | 0.17%                                  | 1,750,000              | 6    | 0.18%                                  |
| HGC Shackamaxxon LLC                 | 1,697,800              | 6    | 0.16%                                  |                        |      |                                        |
| Ashbrook Realty LLC                  | 1,400,000              | 7    | 0.14%                                  | 1,400,000              | 8    | 0.14%                                  |
| Scotch Plains Gardens                | 1,200,000              | 8    | 0.12%                                  | 1,200,000              | 10   | 0.12%                                  |
| Green Brook Plaza                    | 1,146,400              | 9    | 0.11%                                  |                        |      |                                        |
| Ashbrook Manor Associates North      | 1,042,000              | 10   | 0.10%                                  |                        |      |                                        |
| Snuffy Pantagis                      |                        |      |                                        | 2,696,400              | 4    | 0.27%                                  |
| NJ Golf Partners                     |                        |      |                                        | 1,687,500              | 7    | 0.17%                                  |
| VS Realty                            |                        |      |                                        | 1,243,200              | 9    | 0.13%                                  |
| Total                                | <u>\$ 28,936,200</u>   |      | <u>2.80%</u>                           | <u>\$ 30,677,100</u>   |      | <u>3.10%</u>                           |

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<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------|-------------------------------------|--------------------------------------------------------------|-----------------------|---------------------------------------|
|                               |                                     | Amount                                                       | Percentage<br>of Levy |                                       |
| 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 -                                 |
| 2023                          | 22,078,853                          | 22,078,853                                                   | 100.00%               | - 0 -                                 |
| 2024                          | 22,723,787                          | 22,723,787                                                   | 100.00%               | - 0 -                                 |
| 2025                          | 23,481,813                          | 23,481,813                                                   | 100.00%               | - 0 -                                 |

TOWNSHIP OF SCOTCH PLAINS

| Fiscal Year Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected Within the Fiscal<br>Year of the Levy <sup>a</sup> |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------|-------------------------------------|--------------------------------------------------------------|-----------------------|---------------------------------------|
|                               |                                     | Amount                                                       | Percentage<br>of Levy |                                       |
| 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 -                                 |
| 2023                          | 75,951,611                          | 75,951,611                                                   | 100.00%               | - 0 -                                 |
| 2024                          | 79,034,337                          | 79,034,337                                                   | 100.00%               | - 0 -                                 |
| 2025                          | 82,561,689                          | 76,626,880                                                   | 92.81%                | 5,934,809                             |

**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<br>Ended June<br>30, | Governmental Activities        |                                     |                       |                                         | Business-Type<br>Activities |              | Total District | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|--------------------------------|-------------------------------------|-----------------------|-----------------------------------------|-----------------------------|--------------|----------------|--------------------------------------------------|-------------------------|
|                                  | General<br>Obligation<br>Bonds | Certificates<br>of<br>Participation | Financed<br>Purchases | Bond<br>Anticipation<br>Notes<br>(BANs) | Financed<br>Purchases       |              |                |                                                  |                         |
| 2016                             | \$ 7,840,000                   | \$ - 0 -                            | \$ - 0 -              | \$ - 0 -                                | \$ - 0 -                    | \$ 7,840,000 | 0.41%          | \$                                               | 247                     |
| 2017                             | 6,630,000                      | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 6,630,000    | 0.33%          |                                                  | 207                     |
| 2018                             | 5,435,000                      | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 5,435,000    | 0.26%          |                                                  | 170                     |
| 2019                             | 4,250,000                      | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 4,250,000    | 0.20%          |                                                  | 133                     |
| 2020                             | 3,075,000                      | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 3,075,000    | 0.14%          |                                                  | 97                      |
| 2021                             | 1,905,000                      | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 1,905,000    | 0.08%          |                                                  | 59                      |
| 2022                             | 740,000                        | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 740,000      | 0.03%          |                                                  | 23                      |
| 2023                             | - 0 -                          | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | - 0 -        | 0.00%          |                                                  | - 0 -                   |
| 2024                             | - 0 -                          | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | - 0 -        | 0.00%          |                                                  | - 0 -                   |
| 2025                             | 20,000,000                     | - 0 -                               | - 0 -                 | - 0 -                                   | - 0 -                       | 20,000,000   | 0.73%          |                                                  | 603                     |

<sup>a</sup> - 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<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |                                           | Percentage of<br>Net Valuation<br>Taxable <sup>a</sup> | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|-------------------------------------------|--------------------------------------------------------|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |                                                        |                         |
| 2016                                | \$ 7,840,000                    | \$ - 0 -   | \$ 7,840,000                              | 0.644%                                                 | \$ 246.80               |
| 2017                                | 6,630,000                       | - 0 -      | 6,630,000                                 | 0.543%                                                 | 207.45                  |
| 2018                                | 5,435,000                       | - 0 -      | 5,435,000                                 | 0.445%                                                 | 169.67                  |
| 2019                                | 4,250,000                       | - 0 -      | 4,250,000                                 | 0.347%                                                 | 132.82                  |
| 2020                                | 3,075,000                       | - 0 -      | 3,075,000                                 | 0.251%                                                 | 96.52                   |
| 2021                                | 1,905,000                       | - 0 -      | 1,905,000                                 | 0.084%                                                 | 58.84                   |
| 2022                                | 740,000                         | - 0 -      | 740,000                                   | 0.033%                                                 | 23.02                   |
| 2023                                | - 0 -                           | - 0 -      | - 0 -                                     | 0.000%                                                 | - 0 -                   |
| 2024                                | - 0 -                           | - 0 -      | - 0 -                                     | 0.000%                                                 | - 0 -                   |
| 2025                                | 20,000,000                      | - 0 -      | 20,000,000                                | 0.867%                                                 | 602.57                  |

**a** - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

**b** - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

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

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2024  
UNAUDITED

| Governmental Unit                                                        | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable <sup>a</sup> | Estimated<br>Share of<br>Overlapping<br>Debt |
|--------------------------------------------------------------------------|---------------------|----------------------------------------------------|----------------------------------------------|
| Debt Repaid with Property Taxes:                                         |                     |                                                    |                                              |
| Borough of Fanwood                                                       | \$ 24,074,659       | 100.00%                                            | \$ 24,074,659                                |
| Township of Scotch Plains                                                | 22,198,898          | 100.00%                                            | 22,198,898                                   |
| Union County General Obligation Debt<br>(all constituent municipalities) | 482,595,186         | 6.95%                                              | <u>33,538,974</u>                            |
| Subtotal, Overlapping Debt                                               |                     |                                                    | 79,812,531                                   |
| Scotch Plains-Fanwood Regional School District Direct Debt               |                     |                                                    | <u>- 0 -</u>                                 |
| Total Direct and Overlapping Debt                                        |                     |                                                    | <u><u>\$ 79,812,531</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           |                       |                       |                       |                       |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                         | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  |
| Debt Limit                                                              | \$ 201,786,674        | \$ 205,930,135        | \$ 211,806,294        | \$ 218,025,314        | \$ 223,906,178        |
| Total Net Debt Applicable to Limit                                      | 7,840,000             | 6,630,000             | 5,435,000             | 4,250,000             | 3,075,000             |
| Legal Debt Margin                                                       | <u>\$ 193,946,674</u> | <u>\$ 199,300,135</u> | <u>\$ 206,371,294</u> | <u>\$ 213,775,314</u> | <u>\$ 220,831,178</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 3.89%                 | 3.22%                 | 2.57%                 | 1.95%                 | 1.37%                 |

|                                                                         | Fiscal Year           |                       |                       |                       |                       |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                                         | 2021                  | 2022                  | 2023                  | 2024                  | 2025                  |
| Debt Limit                                                              | \$ 226,990,714        | \$ 232,640,199        | \$ 243,599,306        | \$ 261,103,732        | \$ 283,796,420        |
| Total Net Debt Applicable to Limit                                      | 1,905,000             | 740,000               | - 0 -                 | - 0 -                 | 20,000,000            |
| Legal Debt Margin                                                       | <u>\$ 225,085,714</u> | <u>\$ 231,900,199</u> | <u>\$ 243,599,306</u> | <u>\$ 261,103,732</u> | <u>\$ 263,796,420</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 0.84%                 | 0.32%                 | 0.00%                 | 0.00%                 | 7.05%                 |

Legal Debt Margin Calculation for Fiscal Year 2025

| Year Ended<br>December 31, | Borough of<br>Fanwood   | Township of<br>Scotch Plains | Equalized<br>Valuation Basis |
|----------------------------|-------------------------|------------------------------|------------------------------|
| 2022                       | \$ 1,455,076,896        | \$ 5,061,659,034             | \$ 6,516,735,930             |
| 2023                       | 1,558,034,877           | 5,478,807,364                | 7,036,842,241                |
| 2024                       | 1,765,601,025           | 5,965,552,282                | 7,731,153,307                |
|                            | <u>\$ 4,778,712,798</u> | <u>\$ 16,506,018,680</u>     | <u>\$ 21,284,731,478</u>     |

|                                                            |                         |
|------------------------------------------------------------|-------------------------|
| Average Equalized Valuation of Taxable Property            | <u>\$ 7,094,910,493</u> |
| Debt Limit (4% of Average Equalization Value) <sup>a</sup> | \$ 283,796,420          |
| Net Bonded School Debt                                     | <u>20,000,000</u>       |
| Legal Debt Margin                                          | <u>\$ 263,796,420</u>   |

<sup>a</sup> - 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 <sup>a</sup> | Union County<br>Per Capita<br>Personal<br>Income <sup>b</sup> | Personal Income <sup>c</sup> | Borough<br>Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------|---------------------------------------------------------------|------------------------------|----------------------------------------------|
| 2016 | 7,654                   | \$ 59,979                                                     | \$ 459,079,266               | 3.6%                                         |
| 2017 | 7,675                   | 61,956                                                        | 475,512,300                  | 3.4%                                         |
| 2018 | 7,686                   | 64,530                                                        | 495,977,580                  | 2.9%                                         |
| 2019 | 7,702                   | 68,042                                                        | 524,059,484                  | 2.6%                                         |
| 2020 | 7,722                   | 70,018                                                        | 540,678,996                  | 6.4%                                         |
| 2021 | 7,699                   | 75,432                                                        | 580,750,968                  | 4.3%                                         |
| 2022 | 7,655                   | 78,440                                                        | 600,458,200                  | 2.5%                                         |
| 2023 | 7,655                   | 82,502                                                        | 631,552,810                  | 3.1%                                         |
| 2024 | 7,968                   | 82,502 **                                                     | 657,375,936                  | 3.2%                                         |
| 2025 | 7,968 *                 | 82,502 **                                                     | 657,375,936                  | N/A                                          |

TOWNSHIP OF SCOTCH PLAINS

| Year | Population <sup>a</sup> | Union County<br>Per Capita<br>Personal<br>Income <sup>b</sup> | Personal Income <sup>c</sup> | Township<br>Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------|---------------------------------------------------------------|------------------------------|-----------------------------------------------|
| 2016 | 24,113                  | \$ 59,979                                                     | \$ 1,446,273,627             | 3.6%                                          |
| 2017 | 24,285                  | 61,956                                                        | 1,504,601,460                | 3.2%                                          |
| 2018 | 24,346                  | 64,530                                                        | 1,571,047,380                | 3.0%                                          |
| 2019 | 24,295                  | 68,042                                                        | 1,653,080,390                | 2.4%                                          |
| 2020 | 24,138                  | 70,018                                                        | 1,690,094,484                | 7.1%                                          |
| 2021 | 24,676                  | 75,432                                                        | 1,861,360,032                | 4.7%                                          |
| 2022 | 24,496                  | 78,440                                                        | 1,921,466,240                | 2.6%                                          |
| 2023 | 24,430                  | 82,502                                                        | 2,015,523,860                | 3.4%                                          |
| 2024 | 25,223                  | 82,502 **                                                     | 2,080,947,946                | 3.7%                                          |
| 2025 | 25,223 *                | 82,502 **                                                     | 2,080,947,946                | N/A                                           |

\* - Latest population available (2024) was used for calculation purposes.

\*\* - Latest Union County per capita personal income data available (2023) was used for calculation purposes.

N/A - Not available.

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 - UNION COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

|                                  | 2025           |                                      | Employer                       | 2016           |                                      |
|----------------------------------|----------------|--------------------------------------|--------------------------------|----------------|--------------------------------------|
|                                  | Employees      | Percentage of<br>Total<br>Employment |                                | Employees      | Percentage of<br>Total<br>Employment |
| Merck & Company                  | 6,000          | 2.08%                                | Merck/Schering Plough          | 5,000          | 1.90%                                |
| Overlook Medical Center          | 3,487          | 1.21%                                | Overlook Hospital              | 3,901          | 1.48%                                |
| Trinitas Regional Medical Center | 3,000          | 1.04%                                | Trinitas Hospital              | 2,800          | 1.06%                                |
| Summit Medical Group             | 2,305          | 0.80%                                | Maier Terminals                | 1,700          | 0.65%                                |
| Blue Apron                       | 2,000          | 0.69%                                | Alcatel Lucent                 | 1,300          | 0.49%                                |
| Nokia                            | 1,800          | 0.62%                                | Childrens Specialized Hospital | 1,200          | 0.46%                                |
| Maier Terminals                  | 1,000          | 0.35%                                | Phillips 66 Bayway             | 1,000          | 0.38%                                |
| Kean University                  | 1,000          | 0.35%                                |                                |                |                                      |
|                                  | <u>20,592</u>  | <u>7.13%</u>                         |                                | <u>16,901</u>  | <u>6.41%</u>                         |
| Total County Employment          | <u>288,988</u> |                                      | Total County Employment        | <u>263,470</u> |                                      |

Source: Union County Economic Development Corporation.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Function/Program</u>                | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|----------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction:                           |             |             |             |             |             |             |             |             |             |             |
| Regular                                | 369         | 375         | 382         | 385         | 385         | 388         | 392         | 395         | 401         | 403         |
| Special Education                      | 71          | 75          | 76          | 75          | 77          | 76          | 80          | 80          | 82          | 82          |
| Support Services:                      |             |             |             |             |             |             |             |             |             |             |
| Student & Instruction Related Services | 188         | 203         | 213         | 219         | 225         | 236         | 243         | 247         | 247         | 247         |
| General Administrative Services        | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| School Administrative Services         | 31          | 31          | 31          | 31          | 31          | 31          | 32          | 33          | 33          | 33          |
| Plant Operations and Maintenance       | 66          | 66          | 66          | 66          | 67          | 67          | 66          | 66          | 66          | 66          |
| Pupil Transportation                   | 7           | 7           | 7           | 7           | 8           | 8           | 8           | 9           | 9           | 9           |
| Business and Other Support Services    | 16          | 15          | 15          | 16          | 16          | 16          | 16          | 18          | 18          | 18          |
| Food Service                           | 2           | 2           | 2           | 1           | 1           | 1           | 1           |             |             |             |
| Total                                  | <u>753</u>  | <u>777</u>  | <u>795</u>  | <u>803</u>  | <u>813</u>  | <u>826</u>  | <u>841</u>  | <u>851</u>  | <u>859</u>  | <u>861</u>  |

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

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

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff <sup>d</sup> | Pupil/Teacher Ratio |               |             | Average Daily Enrollment (ADE) <sup>e</sup> | Average Daily Attendance (ADA) <sup>e</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|---------------|-------------|---------------------------------------------|---------------------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                             | Elementary School   | Middle School | High School |                                             |                                             |                                      |                               |
| 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        | 5,335                                       | 5,146                                       | -3.37%                               | 96.46%                        |
| 2022        | 5,525                   | 123,498,173                         | 22,353                      | 6.35%             | 472                         | 12:1                | 11:1          | 13:1        | 5,434                                       | 5,260                                       | 1.86%                                | 96.80%                        |
| 2023        | 5,490                   | 127,482,312                         | 23,221                      | 3.88%             | 475                         | 12:1                | 11:1          | 13:1        | 5,523                                       | 5,337                                       | 1.64%                                | 96.63%                        |
| 2024        | 5,627                   | 140,415,221                         | 24,954                      | 7.46%             | 480                         | 13:1                | 11:1          | 13:1        | 5,526                                       | 5,310                                       | 0.05%                                | 96.09%                        |
| 2025        | 5,638                   | 140,633,906                         | 24,944                      | -0.04%            | 482                         | 13:1                | 11:1          | 13:1        | 5,583                                       | 5,372                                       | 1.03%                                | 96.22%                        |

**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

| District Building         | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | 2025    |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <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                | 422     | 394     | 379     | 411     | 413     | 370     | 400     | 392     | 434     | 434     |
| 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                | 474     | 516     | 540     | 549     | 536     | 490     | 513     | 487     | 513     | 526     |
| Evergreen (1951)          |         |         |         |         |         |         |         |         |         |         |
| Square Feet               | 36,958  | 44,258  | 44,258  | 44,258  | 44,258  | 44,258  | 44,258  | 44,258  | 44,258  | 44,258  |
| Capacity (students)       | 339     | 464     | 464     | 464     | 464     | 464     | 464     | 464     | 464     | 464     |
| Enrollment                | 388     | 407     | 395     | 398     | 399     | 387     | 392     | 372     | 453     | 449     |
| William J. McGinn (1973)  |         |         |         |         |         |         |         |         |         |         |
| Square Feet               | 47,182  | 51,132  | 51,132  | 51,132  | 51,132  | 51,132  | 51,132  | 51,132  | 51,132  | 51,132  |
| Capacity (students)       | 389     | 451     | 451     | 451     | 451     | 451     | 451     | 451     | 451     | 451     |
| Enrollment                | 494     | 496     | 513     | 512     | 511     | 462     | 503     | 526     | 543     | 543     |
| School One (1972)         |         |         |         |         |         |         |         |         |         |         |
| Square Feet               | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  | 44,328  |
| Capacity (students)       | 337     | 337     | 337     | 337     | 337     | 337     | 337     | 337     | 337     | 337     |
| Enrollment                | 392     | 397     | 387     | 392     | 381     | 346     | 375     | 379     | 430     | 424     |
| <u>Middle Schools</u>     |         |         |         |         |         |         |         |         |         |         |
| Nettingham (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                | 913     | 915     | 905     | 909     | 940     | 918     | 898     | 917     | 913     | 913     |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED  
(Continued)

|                          | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | 2025    |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>District Building</u> |         |         |         |         |         |         |         |         |         |         |
| <u>Middle Schools</u>    |         |         |         |         |         |         |         |         |         |         |
| 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               | 835     | 830     | 831     | 811     | 827     | 837     | 830     | 836     | 823     | 822     |
| <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               | 1,569   | 1,534   | 1,557   | 1,574   | 1,538   | 1,483   | 1,488   | 1,476   | 1,518   | 1,527   |
| <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, 2025:

- 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 (excluding 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*           | Fiscal Year Ended June 30, |              |              |              |              |              |              |              |              |              |
|------------------------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                              | 2016                       | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         |
| Howard B. Brunner Elementary | \$ 88,222                  | \$ 96,744    | \$ 180,597   | \$ 85,894    | \$ 103,872   | \$ 64,095    | \$ 106,757   | \$ 97,228    | \$ 127,640   | \$104,680    |
| J. Ackerman Coles Elementary | 119,766                    | 250,048      | 270,083      | 97,290       | 205,771      | 97,172       | 142,085      | 97,747       | 128,453      | 105,238      |
| Evergreen Elementary         | 70,660                     | 232,877      | 97,639       | 220,942      | 126,601      | 100,979      | 80,745       | 85,075       | 111,948      | 91,596       |
| William J. McGinn Elementary | 133,765                    | 211,164      | 101,092      | 78,598       | 246,111      | 81,924       | 104,210      | 98,289       | 129,160      | 105,822      |
| School One Elementary        | 140,961                    | 123,750      | 68,769       | 99,688       | 88,240       | 77,930       | 80,745       | 85,210       | 112,129      | 91,740       |
| Nettingham Middle            | 250,521                    | 290,992      | 393,620      | 267,659      | 866,825      | 170,088      | 248,272      | 226,120      | 297,167      | 243,451      |
| Terrill Middle               | 694,554                    | 389,969      | 364,371      | 166,641      | 417,892      | 159,727      | 187,962      | 188,329      | 273,152      | 251,264      |
| Scotch Plains-Fanwood High   | 525,359                    | 733,975      | 449,434      | 802,269      | 523,376      | 395,577      | 513,088      | 524,759      | 733,847      | 550,253      |
| Total School Facilities      | \$ 2,023,808               | \$ 2,329,519 | \$ 1,925,605 | \$ 1,818,981 | \$ 2,578,688 | \$ 1,147,492 | \$ 1,463,864 | \$ 1,402,757 | \$ 1,913,496 | \$ 1,544,044 |

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 DISTRICTINSURANCE SCHEDULEJUNE 30, 2025UNAUDITED

|                                            | <u>Coverage</u>       | <u>Deductible</u> |
|--------------------------------------------|-----------------------|-------------------|
| Utica Insurance Company                    |                       |                   |
| MULTI PERIL PACKAGE POLICY                 |                       |                   |
| <b>Property</b>                            |                       |                   |
| Property - Blanket Building and Contents - |                       |                   |
| Replacement Cost Values                    | \$ 244,646,075        | \$ 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                |                   |
| <b>Commercial Liability</b>                |                       |                   |
| 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            |
| <b>Crime Coverage</b>                      |                       |                   |
| Forgery or Alteration                      | 100,000               | 500               |
| Money & Securities Inside                  | 25,000                | 500               |
| Money & Securities Outside                 | 25,000                | 500               |
| Employee Theft                             | 1,000,000             | 500               |
| Computer & Funds Transfer Fraud            | 100,000               | 500               |
| <b>Inland Marine</b>                       |                       |                   |
| Data Processing Equipment                  | 704,214               | 100               |
| <b>Business Automotive Coverage</b>        |                       |                   |
| Bodily Injury & Property Damage            | (Each) 1,000,000      |                   |
| Personal Injury Protection                 | Statutory             |                   |
| Medical Payments                           | 10,000                |                   |
| Uninsured/Underinsured                     | 1,000,000             |                   |
| Comprehensive Deductible                   |                       | 1,000             |
| Collision Deductible                       |                       | 1,000             |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2025UNAUDITED

(Continued)

|                                        |                    | <u>Coverage</u> | <u>Deductible</u> |
|----------------------------------------|--------------------|-----------------|-------------------|
| Utica Insurance Company                |                    |                 |                   |
| EXCESS UMBRELLA                        | Limit of liability | \$ 20,000,000   |                   |
| Excess Liability                       |                    |                 |                   |
| Hudson Insurance Company               | Limit of liability | 10,000,000      |                   |
| Great American Excess & Surplus        | Limit of liability | 10,000,000      |                   |
| Allied World                           | Limit of liability | 10,000,000      |                   |
| Voyager Insurance Company              |                    |                 |                   |
| FLOOD                                  |                    |                 |                   |
| Elementary School #1 -                 |                    |                 |                   |
| Building                               |                    | 500,000         | \$ 10,000         |
| Contents                               |                    | 500,000         | 10,000            |
| Lloyd'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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2025.

**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  
November 5, 2025

*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, 2025. 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, 2025.

***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 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  
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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  
November 5, 2025

*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, 2025

| Federal Grantor/Pass-Through Grantor/<br>Program Title/Cluster Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Assistance<br>Listing<br>Number | Grant or State<br>Project Number | Grant Period |         | Program or<br>Award<br>Amount | Balance at June 30, 2024                         |                   | Cash<br>Received | Budgetary<br>Expenditures | Prior Year<br>Accounts<br>Receivable<br>Canceled | Balance at June 30, 2025                         |                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|--------------|---------|-------------------------------|--------------------------------------------------|-------------------|------------------|---------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  | From         | To      |                               | Unearned<br>Revenue/<br>(Accounts<br>Receivable) | Due to<br>Grantor |                  |                           |                                                  | Unearned<br>Revenue/<br>(Accounts<br>Receivable) | Amount<br>Provided<br>to Sub-<br>recipients |
| U.S. Department of Education -<br>Passed through State Department of Education:<br>Special Revenue Fund:<br>Special Education Cluster (IDEA):<br>I.D.E.A. - Part B, Basic Regular<br>I.D.E.A. - Part B, Basic Regular<br>I.D.E.A. - Part B, Preschool<br>I.D.E.A. - Part B, Preschool<br>Subtotal Special Education Cluster (IDEA)<br>Elementary and Secondary Education Act:<br>Title I<br>Title I<br>Subtotal Title I<br>Title II A<br>Title II A<br>Subtotal Title II A<br>Title III Immigrant<br>Subtotal Title III Immigrant<br>Title III<br>Title III<br>Subtotal Title III<br>Title IV<br>Title IV<br>Subtotal Title IV | 84.027                          | IDEA-4670-25                     | 7/1/24       | 9/30/25 | \$ 1,552,160                  |                                                  |                   | \$ 375,002       | \$ (1,544,747)            |                                                  | \$ (1,544,747)                                   |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.027                          | IDEA-4670-24                     | 7/1/23       | 9/30/24 | 1,540,616                     | \$ (374,543)                                     |                   |                  | (459)                     |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.173                          | IDEA-4670-25                     | 7/1/24       | 9/30/25 | 62,684                        |                                                  |                   |                  | (62,684)                  |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.173                          | IDEA-4670-24                     | 7/1/23       | 9/30/24 | 64,647                        | (64,647)                                         |                   | 64,647           |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               | (439,190)                                        |                   | 439,649          | (1,607,890)               |                                                  | (1,607,431)                                      |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.010                          | ESEA-4670-25                     | 7/1/24       | 9/30/25 | 231,194                       |                                                  |                   | 119,426          | (180,264)                 |                                                  | (60,838)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.010                          | ESEA-4670-24                     | 7/1/23       | 9/30/24 | 39,597                        | (8,613)                                          |                   | 21,593           | (12,980)                  |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               | (8,613)                                          |                   | 141,019          | (193,244)                 |                                                  | (60,838)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.367A                         | ESEA-4670-25                     | 7/1/24       | 9/30/25 | 122,600                       |                                                  |                   | 57,689           | (65,338)                  |                                                  | (7,649)                                          |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.367A                         | ESEA-4670-24                     | 7/1/23       | 9/30/24 | 33,468                        | (183)                                            |                   | 183              | (65,338)                  |                                                  | (7,649)                                          |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               | (183)                                            |                   | 57,872           | (8,313)                   |                                                  | (8,313)                                          |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.365A                         | ESEA-4670-25                     | 7/1/24       | 9/30/25 | 8,325                         |                                                  |                   |                  | (8,313)                   |                                                  | (8,313)                                          |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               |                                                  |                   | 4,754            | (28,232)                  |                                                  | (23,478)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.365A                         | ESEA-4670-25                     | 7/1/24       | 9/30/25 | 31,797                        | (3,408)                                          |                   | 3,408            |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.365A                         | ESEA-4670-24                     | 7/1/23       | 9/30/24 | 18,107                        | (3,408)                                          |                   | 8,162            | (28,232)                  |                                                  | (23,478)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               |                                                  |                   |                  | (1,710)                   |                                                  | (1,710)                                          |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.186A                         | ESEA-4670-25                     | 7/1/24       | 9/30/25 | 20,000                        | (4,790)                                          |                   | 4,790            |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.186A                         | ESEA-4670-24                     | 7/1/23       | 9/30/24 | 10,000                        | (4,790)                                          |                   | 4,790            | (1,710)                   |                                                  | (1,710)                                          |                                             |
| Education Stabilization Fund:<br>COVID-19 ARP Consolidated:<br>ESSER III<br>Accelerated Learning Coaching and<br>Educator Support<br>Evidence-Based Summer Learning and<br>Enrichment Activities<br>Evidence-Based Comprehensive Beyond<br>the School Day Activities<br>COVID-19 ARP GEER:<br>High-Impact Tutoring<br>Total Education Stabilization Fund                                                                                                                                                                                                                                                                       | 84.425U                         | S425U210027                      | 3/13/20      | 9/30/24 | 847,929                       | (66,080)                                         |                   | 66,080           |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.425U                         | S425U210027                      | 3/13/20      | 9/30/24 | 437,370                       | (123,109)                                        |                   | 123,109          |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.425U                         | S425U210027                      | 3/13/20      | 9/30/24 | 40,000                        | (9,091)                                          |                   | 9,091            |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.425U                         | S425U210027                      | 3/13/20      | 9/30/24 | 40,000                        | (421)                                            |                   | 421              |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               |                                                  |                   |                  |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 84.425C                         | E2400298                         | 10/11/23     | 6/30/25 | 280,902                       | (1,449)                                          |                   | 22,060           | (48,279)                  | \$ 1,449                                         | (26,219)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               | (200,150)                                        |                   | 220,761          | (48,279)                  | 1,449                                            | (26,219)                                         |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               | (656,334)                                        |                   | 872,253          | (1,953,006)               | 1,449                                            | (1,735,638)                                      |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               |                                                  |                   |                  |                           |                                                  |                                                  |                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                 |                                  |              |         |                               |                                                  |                   |                  |                           |                                                  |                                                  |                                             |
| Total U. S. Department of Education                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                 |                                  |              |         |                               |                                                  |                   |                  |                           |                                                  |                                                  |                                             |

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Federal Grantor/Pass-Through Grantor/<br>Program Title/Cluster Title                                                                                                                                         | Assistance<br>Listing<br>Number | Grant or State<br>Project Number | Grant Period |         | Program or<br>Award<br>Amount | Balance at June 30, 2024                         |                                                  | Due to<br>Grantor | Cash<br>Received | Budgetary<br>Expenditures | Prior Year<br>Accounts<br>Receivable<br>Canceled | Balance at June 30, 2025                         |                   | Amount<br>Provided<br>to Sub-<br>recipients |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|--------------|---------|-------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------|------------------|---------------------------|--------------------------------------------------|--------------------------------------------------|-------------------|---------------------------------------------|
|                                                                                                                                                                                                              |                                 |                                  | From         | To      |                               | Unearned<br>Revenue/<br>(Accounts<br>Receivable) | Unearned<br>Revenue/<br>(Accounts<br>Receivable) |                   |                  |                           |                                                  | Unearned<br>Revenue/<br>(Accounts<br>Receivable) | Due to<br>Grantor |                                             |
| U.S. Department of Treasury -<br>Passed through State Department of Education:<br>Special Revenue Fund:<br>COVID-19 - American Rescue Plan - Coronavirus<br>State and Local Fiscal Recovery Funds:<br>ACSERS | 21.027                          | 24-100-034-5065-096              | 7/1/23       | 6/30/24 | \$ 508,519                    | \$ (256,063)                                     |                                                  |                   | \$ 256,063       |                           |                                                  |                                                  |                   |                                             |
| Total U.S. Department of Treasury                                                                                                                                                                            |                                 |                                  |              |         |                               | (256,063)                                        |                                                  |                   | 256,063          |                           |                                                  |                                                  |                   |                                             |
| Total Special Revenue Fund                                                                                                                                                                                   |                                 |                                  |              |         |                               | (912,397)                                        |                                                  |                   | 1,128,316        | \$ (1,953,006)            | \$ 1,449                                         | \$ (1,735,638)                                   |                   |                                             |
| U.S. Department of Health and Human Services -<br>Passed-through State Department of Human Services:<br>Medicaid Cluster:<br>General Fund:<br>Medical Assistance Program (SEMI)                              | 93.778                          | 25-100-054-7540-211              | 7/1/24       | 6/30/25 | 37,334                        |                                                  |                                                  |                   | 37,334           | (37,334)                  |                                                  |                                                  |                   |                                             |
| Total U.S. Department of Health and Human Services/Medicaid Cluster/General Fund                                                                                                                             |                                 |                                  |              |         |                               |                                                  |                                                  |                   | 37,334           | (37,334)                  |                                                  |                                                  |                   |                                             |
| TOTAL FEDERAL AWARDS                                                                                                                                                                                         |                                 |                                  |              |         |                               | \$ (912,397)                                     | \$ - 0 -                                         | \$ 1,165,650      | \$ (1,990,340)   | \$ 1,449                  | \$ (1,735,638)                                   | \$ - 0 -                                         | \$ - 0 -          |                                             |

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, 2025

| State Grantor/Program Title               | Grant or State<br>Project Number | Grant Period |         | Program or<br>Award<br>Amount | Balance at June 30, 2024                                      |                                  |                                  | Due to<br>Grantor | Cash<br>Received | Budgetary<br>Expenditures | Repayment<br>of Prior<br>Year's<br>Balances | Balance at June 30, 2025 |                         |                                     | MEMO         |              |
|-------------------------------------------|----------------------------------|--------------|---------|-------------------------------|---------------------------------------------------------------|----------------------------------|----------------------------------|-------------------|------------------|---------------------------|---------------------------------------------|--------------------------|-------------------------|-------------------------------------|--------------|--------------|
|                                           |                                  | From         | To      |                               | Budgetary<br>Unearned<br>Revenue/<br>(Accounts<br>Receivable) | GAAP<br>(Accounts<br>Receivable) | Budgetary<br>Unearned<br>Revenue |                   |                  |                           |                                             | Due to<br>Grantor        | Budgetary<br>Receivable | Cumulative<br>Total<br>Expenditures |              |              |
|                                           |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| State Department of Education:            |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| General Fund:                             |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Transportation Aid                        | 25-495-034-5120-014              | 7/1/24       | 6/30/25 | \$ 1,293,546                  |                                                               |                                  | \$ 1,168,348                     | \$ (1,293,546)    |                  |                           |                                             |                          |                         |                                     | \$ (125,198) | \$ 1,293,546 |
| Transportation Aid                        | 24-495-034-5120-014              | 7/1/23       | 6/30/24 | 792,773                       | \$ (75,785)                                                   |                                  | 75,785                           |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Special Education Categorical Aid         | 25-495-034-5120-089              | 7/1/24       | 6/30/25 | 6,664,955                     |                                                               |                                  | 6,019,877                        | (6,664,955)       |                  |                           |                                             |                          |                         |                                     | (645,078)    | 6,664,955    |
| Special Education Categorical Aid         | 24-495-034-5120-089              | 7/1/23       | 6/30/24 | 6,095,791                     | (582,727)                                                     |                                  | 582,727                          |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Security Aid                              | 25-495-034-5120-084              | 7/1/24       | 6/30/25 | 564,960                       |                                                               |                                  | 510,280                          | (564,960)         |                  |                           |                                             |                          |                         |                                     | (54,680)     | 564,960      |
| Security Aid                              | 24-495-034-5120-084              | 7/1/23       | 6/30/24 | 513,306                       | (49,069)                                                      |                                  | 49,069                           |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Extraordinary Special Education Costs Aid | 25-495-034-5120-044              | 7/1/24       | 6/30/25 | 2,103,992                     |                                                               |                                  |                                  | (2,101,508)       |                  |                           |                                             |                          |                         |                                     | (2,101,508)  | 2,101,508    |
| Extraordinary Special Education Costs Aid | 24-495-034-5120-044              | 7/1/23       | 6/30/24 | 2,877,281                     | (2,877,281)                                                   |                                  | 2,877,281                        |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Nonpublic School Transportation Costs     | 25-495-034-5120-014              | 7/1/24       | 6/30/25 | 106,009                       |                                                               |                                  |                                  | (106,009)         |                  |                           |                                             |                          |                         |                                     | (106,009)    | 106,009      |
| Nonpublic School Transportation Costs     | 24-495-034-5120-014              | 7/1/23       | 6/30/24 | 91,910                        | (91,910)                                                      |                                  | 91,910                           |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| On-Behalf TPAF Contributions:             |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Post-Retirement Medical                   | 25-495-034-5094-001              | 7/1/24       | 6/30/25 | 4,446,464                     |                                                               |                                  | 4,446,464                        | (4,446,464)       |                  |                           |                                             |                          |                         |                                     |              | 4,446,464    |
| Pension                                   | 25-495-034-5094-002              | 7/1/24       | 6/30/25 | 15,030,959                    |                                                               |                                  | 15,030,959                       | (15,030,959)      |                  |                           |                                             |                          |                         |                                     |              | 15,030,959   |
| Non-Contributory Insurance                | 25-495-034-5094-004              | 7/1/24       | 6/30/25 | 186,193                       |                                                               |                                  | 186,193                          | (186,193)         |                  |                           |                                             |                          |                         |                                     |              | 186,193      |
| Long-Term Disability Insurance            | 25-495-034-5094-004              | 7/1/24       | 6/30/25 | 7,478                         |                                                               |                                  | 7,478                            | (7,478)           |                  |                           |                                             |                          |                         |                                     |              | 7,478        |
| Reimbursed TPAF Contributions:            |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Social Security Aid                       | 25-495-034-5094-003              | 7/1/24       | 6/30/25 | 3,370,786                     |                                                               |                                  | 3,206,005                        | (3,370,786)       |                  |                           |                                             |                          |                         |                                     | (164,781)    | 3,370,786    |
| Social Security Aid                       | 24-495-034-5094-003              | 7/1/23       | 6/30/24 | 3,295,026                     | (323,632)                                                     |                                  | 323,632                          |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Total General Fund State Aid              |                                  |              |         |                               | (4,000,404)                                                   |                                  | 34,576,008                       | (33,772,858)      |                  |                           |                                             |                          |                         |                                     | (3,197,254)  | 33,772,858   |
| State Department of Education:            |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Special Revenue Fund:                     |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| NJ Nonpublic Aid:                         |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Technology Initiative                     | 25-100-034-5120-373              | 7/1/24       | 6/30/25 | 36,554                        |                                                               |                                  | 36,554                           | (36,239)          |                  |                           |                                             |                          | \$ 315                  |                                     |              | 36,239       |
| Technology Initiative                     | 24-100-034-5120-373              | 7/1/23       | 6/30/24 | 37,387                        |                                                               |                                  | \$ 3,816                         |                   |                  |                           | \$ (3,816)                                  |                          |                         |                                     |              |              |
| Security Aid                              | 25-100-034-5120-509              | 7/1/24       | 6/30/25 | 152,930                       |                                                               |                                  |                                  | 152,930           | (144,024)        |                           |                                             |                          | 8,906                   |                                     |              | 144,024      |
| Security Aid                              | 24-100-034-5120-509              | 7/1/23       | 6/30/24 | 156,415                       |                                                               |                                  | 29,621                           |                   |                  | (29,621)                  |                                             |                          |                         |                                     |              |              |
| Textbook Aid (Chapter 194)                | 25-100-034-5120-064              | 7/1/24       | 6/30/25 | 38,150                        |                                                               |                                  |                                  | 38,150            | (32,071)         |                           |                                             |                          | 6,079                   |                                     |              | 32,071       |
| Textbook Aid (Chapter 194)                | 24-100-034-5120-064              | 7/1/23       | 6/30/24 | 44,110                        |                                                               |                                  | 2,096                            |                   |                  | (2,096)                   |                                             |                          |                         |                                     |              |              |
| Nursing Services (Chapter 226)            | 25-100-034-5120-070              | 7/1/24       | 6/30/25 | 96,980                        |                                                               |                                  |                                  | 96,980            | (90,480)         |                           |                                             |                          | 6,500                   |                                     |              | 90,480       |
| Nursing Services (Chapter 226)            | 24-100-034-5120-070              | 7/1/23       | 6/30/24 | 91,560                        |                                                               |                                  | 1,024                            |                   |                  | (1,024)                   |                                             |                          |                         |                                     |              |              |
| Auxiliary Services (Chapter 192):         |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Compensatory Education                    | 25-100-034-5120-067              | 7/1/24       | 6/30/25 | 92,072                        |                                                               |                                  | 92,072                           | (83,136)          |                  |                           |                                             |                          | 8,936                   |                                     |              | 83,136       |
| Compensatory Education                    | 24-100-034-5120-067              | 7/1/23       | 6/30/24 | 84,513                        |                                                               |                                  | 636                              |                   |                  | (636)                     |                                             |                          |                         |                                     |              |              |
| English as a Second Language              | 25-100-034-5120-067              | 7/1/24       | 6/30/25 | 1,501                         |                                                               |                                  |                                  | 1,501             | (883)            |                           |                                             |                          | 618                     |                                     |              | 883          |
| Home Instruction                          | 25-100-034-5120-067              | 7/1/24       | 6/30/25 | 8,611                         |                                                               |                                  |                                  | (8,611)           |                  |                           |                                             |                          |                         |                                     | (8,611)      | 8,611        |
| Home Instruction                          | 24-100-034-5120-067              | 7/1/23       | 6/30/24 | 2,643                         | (2,643)                                                       |                                  | 2,643                            |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Handicapped Services (Chapter 193):       |                                  |              |         |                               |                                                               |                                  |                                  |                   |                  |                           |                                             |                          |                         |                                     |              |              |
| Supplementary Instruction                 | 25-100-034-5120-066              | 7/1/24       | 6/30/25 | 99,120                        |                                                               |                                  |                                  | 99,120            | (97,055)         |                           |                                             |                          | 2,065                   |                                     |              | 97,055       |
| Supplementary Instruction                 | 24-100-034-5120-066              | 7/1/23       | 6/30/24 | 113,988                       |                                                               |                                  | 18,337                           |                   |                  | (18,337)                  |                                             |                          |                         |                                     |              |              |
| Examination and Classification            | 25-100-034-5120-066              | 7/1/24       | 6/30/25 | 106,945                       |                                                               |                                  |                                  | 106,945           | (98,981)         |                           |                                             |                          | 7,964                   |                                     |              | 98,981       |
| Examination and Classification            | 24-100-034-5120-066              | 7/1/23       | 6/30/24 | 89,314                        |                                                               |                                  | 8,147                            |                   |                  | (8,147)                   |                                             |                          |                         |                                     |              |              |
| Corrective Speech                         | 25-100-034-5120-066              | 7/1/24       | 6/30/25 | 29,946                        |                                                               |                                  |                                  | 29,946            | (29,946)         |                           |                                             |                          |                         |                                     |              | 29,946       |
| Corrective Speech                         | 24-100-034-5120-066              | 7/1/23       | 6/30/24 | 24,947                        |                                                               |                                  | 209                              |                   |                  | (209)                     |                                             |                          |                         |                                     |              |              |

N/A - Not Available/Applicable

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| State Grantor/Program Title                                                   | Grant or State Project Number | Grant Period |          | Program or Award Amount | Balance at June 30, 2024                          |                                         | Due to Grantor | Cash Received | Budgetary Expenditures | Repayment of Prior Year's Balances | Balance at June 30, 2025   |                            | MEMO                 |                               |
|-------------------------------------------------------------------------------|-------------------------------|--------------|----------|-------------------------|---------------------------------------------------|-----------------------------------------|----------------|---------------|------------------------|------------------------------------|----------------------------|----------------------------|----------------------|-------------------------------|
|                                                                               |                               | From         | To       |                         | Budgetary Unearned Revenue/ (Accounts Receivable) | Unearned Revenue/ (Accounts Receivable) |                |               |                        |                                    | GAAP (Accounts Receivable) | Budgetary Unearned Revenue | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education:                                                |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Special Revenue Fund:                                                         |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Preschool Education Aid                                                       | 25-495-034-5120-086           | 7/1/24       | 6/30/25  | \$ 49,500               |                                                   | \$ 44,550                               | \$ (49,500)    |               |                        |                                    |                            |                            | \$ (4,950)           | \$ 49,500                     |
| Preschool Education Aid                                                       | 24-495-034-5120-086           | 7/1/23       | 6/30/24  | 49,500                  | \$ (4,950)                                        | 4,950                                   |                |               |                        |                                    |                            |                            |                      |                               |
| Preschool Education Aid (Consultant)                                          | 25-495-034-5120-086           | 7/1/24       | 6/30/25  | 25,000                  |                                                   | 25,000                                  | (18,000)       |               |                        |                                    |                            |                            |                      | 18,000                        |
| Advanced Placement African American Studies                                   | N/A                           | 4/1/24       | 12/31/24 | 12,030                  | (1,332)                                           | 11,874                                  | (10,542)       |               |                        |                                    |                            |                            |                      | 11,874                        |
| Subtotal Special Revenue Fund                                                 |                               |              |          |                         | (8,925)                                           | 743,215                                 | (699,468)      |               |                        | \$ (63,886)                        | \$ (8,611)                 |                            |                      | 700,800                       |
| Schools Development Authority:                                                |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Special Revenue Fund:                                                         |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| New Jersey Schools Development Authority:                                     |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| School Development Authority -                                                |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Emergent and Capital Maintenance Needs Grant                                  | N/A                           | 7/1/23       | 6/30/26  | 131,111                 |                                                   | 131,111                                 |                |               |                        |                                    |                            | 131,111                    |                      |                               |
|                                                                               | N/A                           | 7/1/22       | 6/30/26  | 130,491                 |                                                   | 130,491                                 |                |               |                        |                                    |                            | 130,491                    |                      |                               |
|                                                                               | N/A                           | 7/1/21       | 6/30/26  | 132,353                 |                                                   | 132,353                                 |                |               |                        |                                    |                            | 132,353                    |                      |                               |
| Subtotal Special Revenue Fund /Total New Jersey Schools Development Authority |                               |              |          |                         |                                                   | 393,955                                 |                |               |                        |                                    |                            | 393,955                    |                      |                               |
| Total Special Revenue Fund                                                    |                               |              |          |                         | (8,925)                                           | 63,886                                  | (699,468)      |               |                        | (63,886)                           | (8,611)                    | 393,955                    | 48,383               | 700,800                       |
|                                                                               |                               |              |          |                         | \$(4,009,329)                                     | \$ 63,886                               | \$(34,472,326) | \$ (63,886)   | \$(2,380,909)          | \$ 48,383                          | \$(3,210,815)              | \$ 34,473,658              |                      |                               |
| TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION                      |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Less - State Awards Not Subject to Single Audit Major Program Determination:  |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| On-Behalf TPAF Pension System Contributions:                                  |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |
| Post-Retirement Medical                                                       | 25-495-034-5094-001           | 7/1/24       | 6/30/25  | 4,446,464               |                                                   |                                         |                |               | 4,446,464              |                                    |                            |                            |                      |                               |
| Pension                                                                       | 25-495-034-5094-002           | 7/1/24       | 6/30/25  | 15,030,959              |                                                   |                                         |                |               | 15,030,959             |                                    |                            |                            |                      |                               |
| Non-Contributory Insurance                                                    | 25-495-034-5094-004           | 7/1/24       | 6/30/25  | 186,193                 |                                                   |                                         |                |               | 186,193                |                                    |                            |                            |                      |                               |
| Long-Term Disability Insurance                                                | 25-495-034-5094-004           | 7/1/24       | 6/30/25  | 7,478                   |                                                   |                                         |                |               | 7,478                  |                                    |                            |                            |                      |                               |
| Subtotal On-Behalf TPAF Pension System Contributions                          |                               |              |          |                         |                                                   |                                         |                |               | 19,671,094             |                                    |                            |                            |                      |                               |
|                                                                               |                               |              |          |                         |                                                   |                                         |                |               | \$(14,801,232)         |                                    |                            |                            |                      |                               |
| TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION        |                               |              |          |                         |                                                   |                                         |                |               |                        |                                    |                            |                            |                      |                               |

N/A - Not Available/Applicable

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, 2025

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, 2025. 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, 2025  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(117,375) for the general fund and \$77,011 for the special revenue fund (of which \$(14,746) is attributable to local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue 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               | \$ 37,334           | \$ 33,655,483        | \$33,692,817        |
| Special Revenue Fund       | <u>2,044,763</u>    | <u>699,468</u>       | <u>2,744,231</u>    |
| Total Financial Assistance | <u>\$ 2,082,097</u> | <u>\$ 34,354,951</u> | <u>\$36,437,048</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, 2025.

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

|                                                             |           |         |               |
|-------------------------------------------------------------|-----------|---------|---------------|
| 1.) Material weakness identified?                           | _____ Yes | _____ X | No            |
| 2.) Significant deficiencies identified?                    | _____ Yes | _____ X | None reported |
| Noncompliance material to basic financial statements noted? | _____ Yes | _____ X | No            |

**Federal Awards**

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

|                                                                                                    |           |         |               |
|----------------------------------------------------------------------------------------------------|-----------|---------|---------------|
| 1.) Material weakness identified?                                                                  | _____ Yes | _____ X | No            |
| 2.) Significant deficiencies identified?                                                           | _____ Yes | _____ X | None reported |
| Noncompliance material to basic financial statements noted?                                        | _____ Yes | _____ X | No            |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? |           |         |               |
|                                                                                                    | _____ Yes | _____ X | No            |

Identification of major programs:

| Program Name or Cluster             | Assistance<br>Listing No. | Grant Period |          | Award<br>Amount | Budgetary<br>Expenditures |
|-------------------------------------|---------------------------|--------------|----------|-----------------|---------------------------|
|                                     |                           | Start        | End      |                 |                           |
| Special Education Cluster (IDEA):   |                           |              |          |                 |                           |
| I.D.E.A. - Part B, Basic Regular    | 84.027                    | 07/01/24     | 09/30/25 | \$ 1,552,160    | \$ 1,544,747              |
| I.D.E.A. - Part B, Basic Regular    | 84.027                    | 07/01/23     | 09/30/24 | 1,540,616       | 459                       |
| I.D.E.A. - Part B - Basic Preschool | 84.173                    | 07/01/24     | 09/30/25 | 62,684          | 62,684                    |

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(Continued)

**Section I - Summary of Auditors' Results (Cont'd)**

**State Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

1.) Material weakness identified?            Yes       X       No  
2.) Significant deficiencies identified?            Yes       X       None reported

Noncompliance material to basic financial statements noted?            Yes       X       No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?  
           Yes       X       No

Identification of major programs:

| Program Name or Cluster                                            | State Grant No.     | Grant Period         |          | Award Amount      | Budgetary Expenditures |
|--------------------------------------------------------------------|---------------------|----------------------|----------|-------------------|------------------------|
|                                                                    |                     | Start                | End      |                   |                        |
| Reimbursed TPAF Contributions:                                     |                     |                      |          |                   |                        |
| Social Security Aid                                                | 25-495-034-5094-003 | 07/01/24             | 06/30/25 | \$ 3,370,786      | \$ 3,370,786           |
| Dollar threshold used to distinguish between Type A and B programs |                     |                      |          | \$ 750,000        |                        |
| Auditee qualified as low-risk auditee?                             |                     | <u>      X      </u> | Yes      | <u>          </u> | No                     |

**Section II - Financial Statement Findings - N/A**

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A**

SCOTCH PLAINS-FANWOOD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings:

The District had no prior year audit findings.