

***MOUNTAINSIDE SCHOOL DISTRICT***

***BOROUGH OF MOUNTAINSIDE  
BOARD OF EDUCATION***

***COUNTY OF UNION  
MOUNTAINSIDE, NEW JERSEY***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2014***

**MOUNTAINSIDE SCHOOL DISTRICT  
COUNTY OF UNION, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2014**

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# **INTRODUCTORY SECTION**



# Mountainside School District

Beechwood School  
1497 Woodacres Drive  
Mountainside, NJ 07092  
Phone: (908) 301-9104 Fax: (908) 301-1249

Deerfield School  
302 Central Avenue  
Mountainside, NJ 07092  
Phone: (908) 232-8828 Fax: (908) 232-7338

*W. Daniel Saragnese*

<http://www.mountainsideschools.org>

*School Business Administrator/Board Secretary*

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October 15, 2014

Honorable President and  
Members of the Board of Education  
Mountainside Public Schools  
1497 Woodacres Drive  
Mountainside, New Jersey 07092

Dear Members of the Board of Education:

The Comprehensive Annual Financial Report (C.A.F.R.) of the Mountainside Public School District for the fiscal year ended June 30, 2014, is hereby submitted. 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. To the best of our knowledge and belief, the data presented in the auditor's report are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The C.A.F.R. 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 general-purpose financial statements, management's discussion and analysis, and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES:

The Mountainside Public School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Mountainside Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8.

These services include general as well as special education (grades Pre-K through 8) programs. The District completed the 2013-2014 fiscal year with an in district enrollment of 747 students, which is 31 students (3.9%) below the previous year's enrollment. The following details the changes in the student enrollment of the District over a five-year period. These figures do not include those students sent out of district for special education placements.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2013-2014	747	-3.9
2012-2013	778	-3.9
2011-2012	810	+1.0
2010-2011	806	+3.0
2009-2010	789	+4.0

**2. ECONOMIC CONDITION AND OUTLOOK:**

The district's financial condition is sound. Assessed property values are slightly ahead of where they were a year ago. The district anticipates steady enrollment.

**3. MAJOR INITIATIVES:**

On March 11, 2014, the Mountainside community voted for the \$19 million dollar bond referendum that has enabled us to make much needed upgrades to both schools. These funds are offset by a 40% grant through debt service that has been awarded to our district from the state through a ROD (Regular Operating District) grant.

With these funds, we have completed the following projects:

- Deerfield and Beechwood Schools: New roofs, heating, and air-conditioning units
- Deerfield and Beechwood Schools: Technology Infrastructure upgrade
- Deerfield School: New bathrooms
- Beechwood School: New stage lighting

By 2015-2016 the following projects will be completed:

- Deerfield and Beechwood Schools: New doors and security system
- Deerfield and Beechwood Schools: New phone system
- Deerfield School: New Media Center
- Deerfield School: New entrance way

In January 2015, the 1 to 1 program will be fully launched for 6<sup>th</sup> graders. These students will use the same Chromebook grades 6-8. A new set will be assigned to every new 6<sup>th</sup> grade class. When the students move on to GL, the old Chromebooks will be re-cycled at the lower grades so that eventually grades 3-5 will have a modified in-school 1-1 program. We expect it will take 5 years to be fully operational.

**4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (G.A.A.P.). An internal control structure 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**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 the voters of the municipality. 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

**6. ACCOUNTING SYSTEM AND REPORTS:**

A District’s accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system.

**7. FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2014, and the amount and percentage of increase/(decrease) in relation to the prior year.

Revenue	2013-2014 Amount	Percent of Total	Increase (Decrease) From 2012-13	Percent of Increase (Decrease)
Local Sources	14,698,757.88	89.9%	246,090.36	1.7%
State Sources	1,455,824.58	8.9%	(128,119.19)	(8.1%)
Federal Sources	<u>199,364.19</u>	<u>1.2%</u>	<u>(5,814.81)</u>	<u>(2.8%)</u>
Totals	<u>\$16,353,946.65</u>	<u>100.00%</u>	<u>\$112,156.36</u>	<u>0.7%</u>

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2014, and the amount and percentage of increase/ (decrease) in relation to the prior year.

Expenditures	2013-2014 Amount	Percent of Total	Increase (Decrease) From 2012-13	Percent of Increase (Decrease)
Current Expense	15,273,949.10	95.8%	59,514.05	0.4%
Capital Outlays	24,368.00	0.1%	8,679.00	55.3%
Special Revenues	288,275.45	1.8%	24,702.49	9.4%
Debt Service	<u>370,000.00</u>	<u>2.3%</u>	<u>1,400.00</u>	<u>0.3%-</u>
Totals	<u>\$15,956,592.55</u>	<u>100.0%</u>	<u>\$94,295.54</u>	<u>0.6%</u>

#### 8. DEBT ADMINISTRATION:

The Board was paying an interest rate of 4.625% on a principal balance of \$3,463,000 remaining on bonds issued in July of 2001. Market conditions dictated that refunding of this outstanding balance was in order. On February 24, 2011, this remaining balance was refinanced at an annual interest savings of \$21,803. At June 30, 2013, the District had \$2,620,000 of school bonds issued and outstanding. As previously mentioned, the District sold \$19.484 million in bonds on July 8, 2014.

#### 9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan, which 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

#### 10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to, general liability and comprehensive collision, hazard and theft insurance on property and contents, and fidelity bonds. Exhibit J-20 provides a summary of the coverage amounts and deductibles.

#### 11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, P.A. 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 the Single Audit Act and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

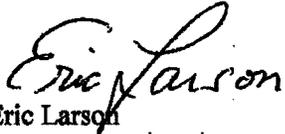
**12. ACKNOWLEDGEMENTS:**

I would like to express my appreciation to the members of the Mountainside Board of Education for taking initiative to provide fiscal accountability to the taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff members.

Respectfully Submitted,



Nancy Lubarsky, Ed.D.  
Chief School Administrator



Eric Larson  
School Business Administrator

BOROUGH OF MOUNTAINSIDE BOARD OF EDUCATION  
UNION COUNTY, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2014

Members of the Board of Education

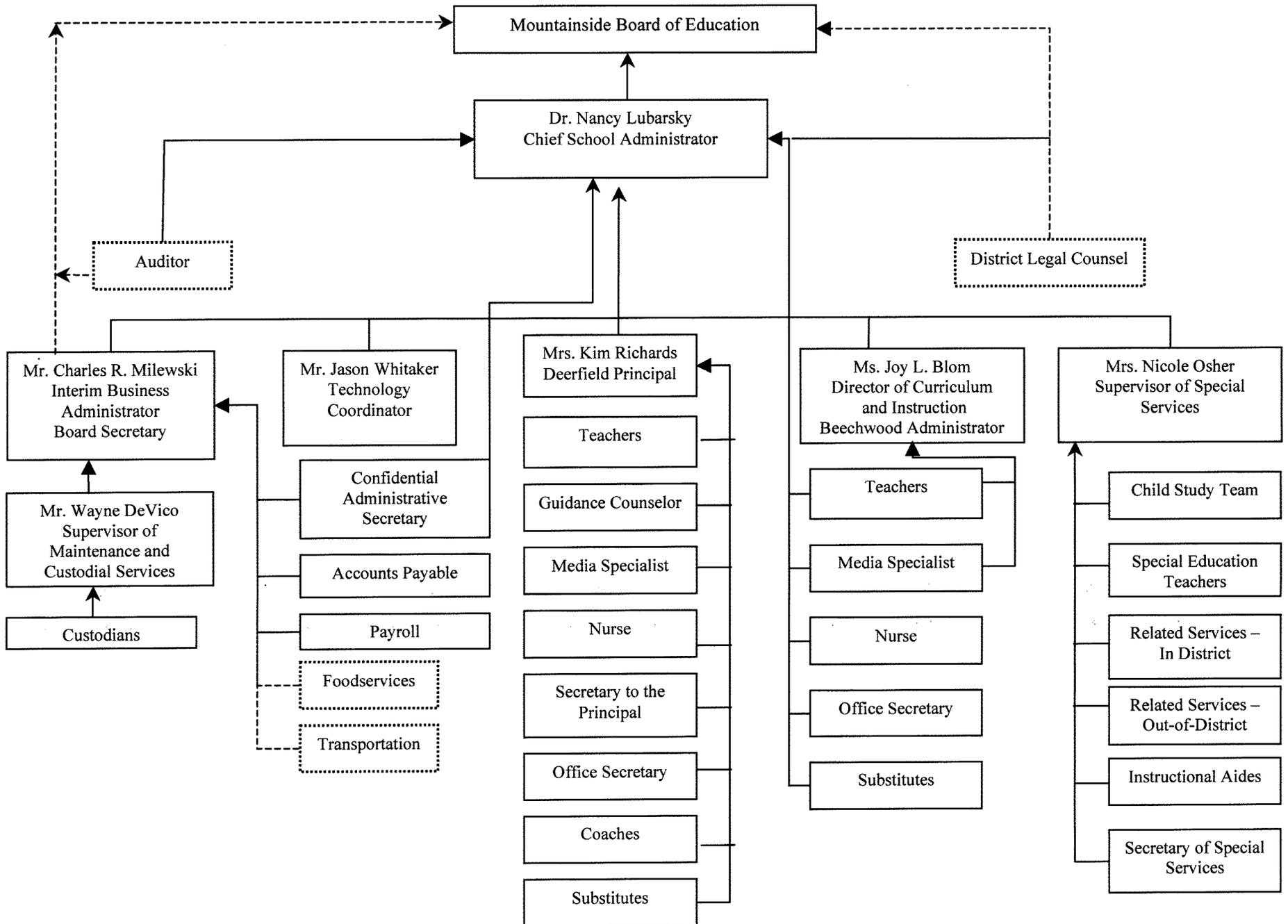
Term Expires

James Ruban, Jr., President	2016
Christopher Minks, Vice President	2016
Dante Gioia	2014
Cathy Jakositz	2014
Kate Motz	2015
Jeane Parker	2015
Carmine Venes	2016

Other Officials

Dr. Nancy Lubarsky, Chief School Administrator  
Charles R. Milewski, Board Secretary/School Business Administrator  
Isabel Machado, Esq., Board Attorney

**Mountainside School District  
Organizational Chart  
2013-2014**



**MOUNTAINSIDE BOARD OF EDUCATION  
Consultants and Advisors**

**Attorney**

Machado Law Group  
Clark Parkway Plaza  
136 Central Avenue  
Clark, NJ 07066

**Bond Counsel**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge NJ

**Audit Firm**

Hodulik & Morrison. P.A.  
1102 Raritan Avenue  
P.O. Box 1450  
Highland Park, NJ 08904

**Official Depository**

Bank of America  
855 Mountain Ave.  
Mountainside, NJ 07092

**Financial Advisor**

Acacia Financial Group, Inc.  
Marlton, NJ

## **FINANCIAL SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Borough of Mountainside School District  
County of Union, New Jersey

**REPORT ON FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of June 30, 2014 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Mountainside School District's basic financial statements as a whole. The accompanying other supplementary information, consisting of the combing and individual fund financial statements, and long-term debt schedules, as listed in the table of contents, the schedule of state financial assistance, required by New Jersey OMB Circular 04-04, and the other information, including the introductory section and the statistical section are presented for purpose of additional analysis and are not a required part of the financial statements.

The combing and individual fund financial statements, long-term debt schedules and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combing and individual fund financial statements, long-term debt schedules and the schedule of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of the Borough of Mountainside School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Bethlehem Township School District's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants



Robert S. Morrison  
Public School Accountant  
PSA # 871

Highland Park, New Jersey  
October 15, 2014

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

**MOUNTAINSIDE SCHOOL DISTRICT**  
**Mountainside, New Jersey**  
**Union County**

**MANAGEMENT DISCUSSION & ANALYSIS (MD&A)**  
**June 30, 2014**

The Mountainside Public Schools (the “District”) discussion and analysis is designed to provide an overview of the District’s financial activities for the year ended June 30, 2014, identify changes in the District’s financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the District’s Financial Statements.

**Financial Highlights**

In May, 2014, the Board approved its 2014-15 budget. The budget represents a 1.5% increase in appropriations and required an increase of 2.0% in the tax levy. The series of recommendations initiated by the Board in July, 2010 to insure the short and long term stability of the District’s budget appears to have been successful.

**ENTERPRISE FUNDS**

The District continues to benefit financially from Board actions taken in response to findings in the 2009-2010 audit. That report revealed that both of the District’s enterprise operations; Food Service, and Before/After Care Programs were running deficits. Enterprise operations are expected to run at a break-even point. Enterprise fund deficits must be covered through the transfer of tax levy dollars from the General Fund Budget. To mitigate this possibility, the Board approved a recommendation to join the National School Lunch Program. Federal subsidies from the program have increased Food Service revenues \$1,000-\$1,300/month. Additional subsidies in the form of food commodities have also been secured. Food Service RFP’s were solicited requiring a “break-even guarantee” for FY 2012-2013, with a renewal for 2013-14 on the same terms. The Food Service Program has operated at a profit in each of the last two fiscal years.

The Board has also acted upon a recommendation to privatize the District’s Before/After Care and Summer Camp programs contracting with the Y of Westfield to provide these services. This action eliminates the risk of incurring future deficits and provides an annual revenue stream of \$15,760.

**LONG TERM DEBT**

The Board was paying an interest rate of 4.625% on a principal balance of \$3,463,000 remaining on bonds issued in July of 2001. Market conditions dictated that a refunding of this outstanding balance was in order. On February 24, 2011, this remaining balance was refinanced at an annual interest savings of \$21,803.

## **GRANTS/SPECIAL REVENUE FUND**

The District receives Federal funding under NCLB and IDEA entitlement programs. These funds are utilized to offset special education tuition costs and provide needed funding for staff development and training. During the 2013-2014 school year, the District received several local grants and expended \$88,911 of these funds, primarily for technology upgrades and environmental education.

## **TUITION-SENDING/RECEIVING RELATIONSHIP**

As of June 30, 2010, the District was facing a potential unfunded tuition liability approximating nearly four times the closing fund balance available. It was recommended that an immediate settlement to these unresolved matters be sought. The Board successfully negotiated an agreement with the Berkeley Heights Board of Education reducing its liability to \$330,000 payable over five years in equal installments of \$66,000 commencing in July of 2011. A \$66,000 payment due in July, 2014 has been included in the FY 2014-2015 budget. The final installment on this settlement will become due in July, 2015.

Procedures have also been put into place to assure that the District provides Berkeley Heights with the most precise enrollment projections possible to minimize costly prior year tuition adjustments.

## **MAINTENANCE/CUSTODIAL OPERATIONS**

A study was completed to determine if any savings could be gained through the privatization of the District's maintenance and custodial operations. The study, completed by an outside consulting firm concluded that the District's costs were below industry standards and conversion to outside services could increase costs by \$48,256.

## **ENERGY**

The Mountainside School District is a participating member of the ACES Cooperative Pricing System and is eligible to obtain electric power services for its own use. In April, 2013, the Board of Education awarded a contract to Direct Energy Business, LLC for electric generation services from May, 2013 through April, 2015.

## **ADMINISTRATION**

The Board has implemented a recommendation to restructure the Business Office. All three of the existing positions have been restructured resulting in substantial salary and benefit savings.

In addition, the District's revised banking services agreement with its official depository continues to minimize administrative banking fees, effectively eliminating approximately \$10,000 in fees previously charged. Based upon the acceptance of a more favorable banking services arrangement, the District changed its official depository in August, 2013.

These changes will continue to lower the District's projected Administrative Cost Per Pupil. The District continues to operate well below the State average and State median for K-8 Operating Type.

## **LABOR/NEGOTIATIONS**

In addition to all of the preceding cost savings measures, the Board negotiated a new collective bargaining agreement that meets the Governor's "New Normal" parameters within a 2% cap on tax levy growth for operating purposes.

### **Understanding the Annual Report**

New Jersey state law and administrative code require that school districts follow Generally Accepted Accounting Principles (GAAP.) Recent changes in GAAP require a new format for presentation of the General Purpose Financial Statements (GPFS). This format is significantly different from previous GPFS.

The new format focuses on the District as a whole (government-wide financial statements) and refocuses the fund financial statements on major funds. Major funds are defined as those in which total assets and liabilities or revenues and expenditures/expenses are 10% or more of the total assets and liabilities or revenues and expenditures/expenses of all funds of that type (governmental, proprietary, etc.) and at least 5% of the assets and liabilities or revenues and expenditures/expenses for all governmental and enterprise funds combined.

### **Government-Wide Financial Statements**

The government-wide financial statements (see financial statements A-1 and A-2) are designed to be corporate-like in that all government and business-type activities are consolidated into columns, which add to a total for the District. The focus of the Statement of Net Position is designed to be similar to a bottom line for the District and its governmental and business type activities. This statement for the first-time combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the government's general tax and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business type activities.

## **Fund Financial Statements**

Past users of governmental financial statements will find that these statements are similar to past, pre-GASB 34 implementation statements. The major change is that the focus is now on major funds (as defined previously), rather than fund types. The Governmental Major Fund presentation is on a sources and uses of liquid resources basis. This is referred to as the flow of current financial resources method of measuring the inflow and outflow of resources, which affect an entity. This is the manner in which the District's financial plan (budget) is typically developed. The flow and availability of current financial resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements provide a presentation of sources and uses current financial resources and associated budgetary compliance.

The Total column on the Business-type Fund Financial Statements is the same as the Business-type column on the Government-Wide Financial Statement. The Governmental Major funds Total Column requires a reconciliation, which is reflected on the page following each statement, because of the different measurement focus (current financial resources versus total economic resources). The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

## **The District as a Whole**

Table I reflects the condensed Statement of Net Position and provides a calculation of the increase or (decrease) from June 30, 2013 amounts as a percentage. In this statement the District is divided into two kinds of activities:

**Governmental Activities**-These activities consist of instruction and those services, which support instruction such as maintenance, transportation and administration.

**Business-Type Activities** - These activities consist of the District's cafeteria operations. The cafeteria operations charge fees for the services provided that are intended to cover most or all of the cost of the services provided, net of federal and state program subsidies. The District previously provided a childcare program, summer camp program and summer enrichment program, and accounted for them as business-type activities. These programs were discontinued prior to the 2012-2013 school year.

The condensed Statement of Net Position reflects assets, deferred outflows, liabilities and deferred inflows of the District on an accrual basis of accounting. This statement, which reflects the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one means of measuring the District's financial position. It means that if the District were forced to liquidate on June 30, 2014 and sell all its assets at book value, after paying all known bills and liabilities, including long-term bonds and lease obligations, the District would have a total of \$6,550,229 remaining. This constitutes a increase in the District's overall wealth of \$149,098 since June 30, 2013.

**Table 1  
Net  
Position**

	6/30/13	6/30/14	Percentage Increase (Decrease)
<b>Governmental Activities:</b>			
<u>Assets:</u>			
Current & Other Assets	\$1,246,332	\$1,495,647	20.00%
Capital Assets	8,497,576	8,259,355	-2.80%
Total Assets	<u>\$9,743,908</u>	<u>\$9,755,002</u>	0.11%
<u>Deferred Outflows:</u>			
Deferred Bond Issue Costs	\$43,962	\$0	-100.00%
Deferred Amount on Refunding	60,495	53,804	-11.06%
Total Deferred Outflows	<u>\$104,457</u>	<u>\$53,804</u>	-48.49%
<u>Liabilities:</u>			
Long-Term Liabilities	\$3,068,000	\$3,007,263	-1.98%
Other Liabilities	288,101	187,931	-34.77%
Total Liabilities	<u>\$3,356,101</u>	<u>\$3,195,194</u>	-4.79%
<u>Deferred Inflows:</u>			
Unamortized Premiums	136,603	103,119	-24.51%
Total Deferred Inflows	<u>136,603</u>	<u>103,119</u>	-24.51%
<u>Net Position:</u>			
Invested in capital assets, net of related debt	\$5,627,576	\$5,639,355	-0.21%
Restricted	893,855	1,239,854	38.71%
Unrestricted	(165,770)	(368,715)	-122.43%
Total Net Position	<u>6,355,661</u>	<u>6,510,493</u>	2.44%
<b>Business-type Activities:</b>			
Current & Other Assets	\$26,116	\$31,945	22.32%
Capital Assets	29,869	28,457	-4.73%
Total Assets	<u>\$55,985</u>	<u>\$60,402</u>	7.89%
Long-Term Liabilities	\$0	\$0	
Other Liabilities	10,516	20,667	96.53%
Total liabilities	<u>\$10,516</u>	<u>\$20,667</u>	96.53%
<u>Net Position:</u>			
Invested in capital assets, net of related debt	\$29,869	\$28,457	-4.73%
Restricted	0	0	
Unrestricted	15,601	11,279	-27.70%
Total Net Position	<u>\$45,469</u>	<u>\$39,736</u>	-12.61%

The results of this year's operations of the District's Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Table 2, below, takes the information from that financial statement, rounds off the numbers, and rearranges them slightly so you can see the District's total revenues and expenses for the year.

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2014 and 2013**

<b>Governmental Activities:</b>	<b>2013</b>	<b>2014</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Operating Grants	\$1,831,828	\$1,738,329	-5.10%
<b>General Revenues:</b>			
Property Taxes	14,205,674	14,485,815	1.97%
Other	188,600	124,032	-34.24%
<b>Total Revenues &amp; Special Items</b>	<u>\$16,226,102</u>	<u>\$16,348,176</u>	0.75%
<b>Expenses:</b>			
<b>Program Expenses</b>			
<b>Instruction:</b>			
Regular	\$3,537,966	\$4,176,466	18.05%
Special	631,127	512,212	-18.84%
Other	70,964	79,347	11.81%
<b>Support Services:</b>			
Tuition	4,984,772	4,957,770	-0.54%
Student & Instruction Staff	1,272,564	1,207,204	-5.14%
General & Business Administration	563,869	539,811	-4.27%
School Administration	369,922	378,574	2.34%
Maintenance	901,193	993,435	10.24%
Transportation	665,779	659,510	-0.94%
Unallocated Benefits	2,558,854	2,430,549	-5.01%
Unallocated Depreciation and Amortization	61,302	69,655	13.63%
Interest on Long-term Debt	132,805	150,620	13.41%
<b>Total Expenses</b>	<u>\$15,751,117</u>	<u>\$16,155,153</u>	2.57%
<b>Increase (Decrease) in Governmental     Activities Net Position</b>	<u>474,985</u>	<u>193,023</u>	-59.36%

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2014 and 2013**

<b>Business-type Activities:</b>	<b>2013</b>	<b>2014</b>	<b>Increase (Decrease)</b>
<b>Revenues</b>			
<b>Program Revenues:</b>			
Charges for Services	\$142,851	\$137,334	-3.86%
Operating Grants	30,132	30,252	0.40%
Other	24	43	79.17%
<b>Total Revenues</b>	<u>\$173,007</u>	<u>\$167,629</u>	-3.11%
<b>Expenses</b>			
<b>Program Expenses</b>			
Food Service	<u>\$168,524</u>	<u>\$173,362</u>	3.03%
<b>Total Expenses</b>	<u>\$168,524</u>	<u>\$173,362</u>	3.03%
<b>Increase (Decrease) in Business-type Activities Net Position</b>	<u>\$4,483</u>	<u>(\$5,733)</u>	-227.88%

The net position of the District's Governmental Activities increased by \$198,794. Revenue realization for FY 2013-2014 included favorable GAAP based variances of \$14,508 for governmental activities. A shortfall in anticipated preschool tuition fees was offset by excess unanticipated state extraordinary aid and miscellaneous local revenues. The lion's share of the increase in the District's governmental activities net position resulted from favorable variances between planned and actual operating costs. Among the larger cost categories where favorable expenditure variances were recorded were: Employee Benefits (\$128,305); Tuition (\$27,002); Student and Instruction Staff (\$65,360); Special Instruction (\$118,915), and Transportation costs (\$6,269). During the 2013-14 school year, the property tax for general operations increased by 1.85%. The remainder of the overall increase of 1.97% resulted from an increase in the property tax.

The net position of the District's Business-type Activities decreased by \$5,733. This increase in net position is primarily attributable to the newly negotiated Food Service Management Contract and was consistent with the prior year reported operating results. The ability of the Food Service Fund to remain self sufficient has eliminated the need for the District to subsidize these operations through the tax-funded budget, permitting the Board to apply all of the general purpose school tax to educational objectives.

**Table 3**  
**Cost of Governmental Services**  
**Year Ending 6/30/14**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$4,768,025	\$4,233,730
Support Services:		
Tuition	4,957,770	4,779,770
Student & Instructional Staff	1,207,204	1,096,929
General & Business Admin.	539,811	539,811
School Administration	378,574	378,574
Plant Operations & Maintenance	993,435	976,097
Pupil Transportation	659,510	557,314
Unallocated Benefits	2,430,549	1,634,324
Interest on Long-Term Debt	150,620	150,620
Unallocated Depreciation	<u>69,655</u>	<u>69,655</u>
<b>Total Expenses</b>	<b><u>\$16,155,153</u></b>	<b><u>\$14,416,824</u></b>

**Table 3**  
**Cost of Governmental Services**  
**Year Ending 6/30/13**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$4,240,057	\$3,695,993
Support Services:		
Tuition	4,984,772	4,802,576
Student & Instructional Staff	1,272,564	1,191,187
General & Business Admin.	563,869	563,869
School Administration	369,922	369,922
Plant Operations & Maintenance	901,193	901,193
Pupil Transportation	665,779	586,726
Unallocated Benefits	2,558,853	1,613,716
Interest on Long-Term Debt	132,805	132,805
Unallocated Depreciation	<u>61,302</u>	<u>61,302</u>
<b>Total Expenses</b>	<b><u>\$15,751,116</u></b>	<b><u>\$13,919,289</u></b>

The Total Cost of Governmental Activities (see Table 3) this year was \$16,155 million, an overall increase of \$404,037 from the preceding year. However, and primarily as the result of decreased operating grants and contributions, the Net Cost of Governmental Activities increased by \$497,535 during the 2013-14 school year.

As shown on the Statement of Activities (see financial statements A-2) \$1.74 million of operating grant and contribution revenues, which support governmental activities, were received from the State of New Jersey and federal government. Overall state and federal revenues decreased by \$93,499 or 6.3% from the preceding year. Approximately one-half of state aid is in the form of “on-behalf” payments for T.P.A.F members, whose pensions, post-employment health care benefits and employer social security payments are the responsibility of the State.

**The District’s Funds**

The District’s Balance Sheet for Governmental Funds (statement B-1) reports a combined fund balance of \$1,360,018. The general fund portion of this balance includes an increase of \$342,854 that resulted from current year’s activities. Of the total general fund balance, \$197,127 has been appropriated as tax relief for the 2014-2015 budget cycle and an additional \$182,674 has been designated for tax relief in the 2015-2016 school year. An additional \$814,833 has been earmarked for capital and maintenance related costs. The District is reporting an unassigned fund balance of \$120,164 and assigned fund balance of \$45,219 at June 30, 2014 in accordance with generally accepted accounting principles (GAAP) (financial statement B-1).

**General Fund Budgetary Highlights**

The FY 2013-2014 revenues of the General, Special Revenue and Debt Service funds amounted to \$16,353,947, an increase of \$112,156 from the prior year. The FY 2013-2014 expenditures of the General, Special Revenue and Debt Service funds amounted to \$15,995,310, an increase of \$132,336 from the prior year.

**Capital Asset and Debt Administration**

**Capital Assets**

The District had \$8,287,812 invested in capital assets as shown on Table 4, Capital Assets Net of Depreciation at June 30, 2014. No additions to the fixed asset inventory were recorded in the current school year.

**Table 4  
Capital Assets Net of Depreciation  
At June 30, 2014**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Land	\$1,875,070		\$1,875,070
Land Improvements	45,084		45,084
Buildings & Improvements	6,301,126		6,301,126
Machinery & Equipment	<u>38,075</u>	<u>28,457</u>	<u>66,532</u>
<b>Total</b>	<b><u>\$8,259,355</u></b>	<b><u>\$28,457</u></b>	<b><u>\$8,287,812</u></b>

## **Debt**

The District's outstanding debt is shown in Table 5, Outstanding Debt at June 30, 2014. In 2011, as a result of very favorable market conditions, the District refinanced the remaining outstanding debt on its 2001 School Bonds at an average annual interest savings of \$21,803. The District may consider the assumption of additional debt in the coming years to renovate and upgrade the Deerfield School and fund district wide energy improvements. Even with this possible consideration, the district will remain well within the state allowable limit of \$55 million for debt issuance, which is limited to 3% of the average equalized value of taxable property within the District. The 2011 Refunding Bonds mature in annual installments through the 2022-2023 school year. In July, 2014, the District issued \$19.484 million of school bonds to finance the costs of the facilities improvement program approved by the voters in March. The bonds mature in annual installments over the next twenty years and carry interest rates of from 3.0% to 3.7%. The State of New Jersey has pledged to provide annual state aid payments equal to 40% of the debt service costs (principal and interest) on these bonds.

**Table 5**  
**Outstanding Debt**

	<u>6/30/13</u>	<u>6/30/14</u>
<b>2011 School Refunding Bonds</b>	<b><u>\$2,870,000</u></b>	<b><u>\$2,620,000</u></b>
<b>Total Bonded Debt</b>	<b><u>\$2,870,000</u></b>	<b><u>\$2,620,000</u></b>
<b>Total Outstanding Debt</b>	<b><u>\$2,870,000</u></b>	<b><u>\$2,620,000</u></b>

## **Economic Factors and Next Year's Budgets and Rates**

The FY 2014-2015 operating budget was developed by employing better estimates of new revenue streams. These new sources include subscription bussing fees, pay-to-play activity fees, increased facility rental fees, power reduction rebates, and a new interest structure for all invested funds. Continued prudent fiscal management will still be necessary in the formation of the District's FY 2015-2016 budget.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have any questions about this report or wish to request additional financial information, contact the Office of the School Business Administrator/Board Secretary, at Mountainside Board of Education, 1497 Woodacres Drive, Mountainside, New Jersey 07092.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**SECTION – A**

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,267,066.68	\$ 25,710.93	\$ 1,292,777.61
Investments			
Receivables, Net	163,448.50	2,648.86	166,097.36
Receivables from Other Funds	65,132.32		65,132.32
Inventory		3,585.54	3,585.54
Capital Assets, Net (Note 3):	<u>8,259,354.56</u>	<u>28,456.91</u>	<u>8,287,811.47</u>
Total Assets	<u>9,755,002.06</u>	<u>60,402.24</u>	<u>9,815,404.30</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refinancing	<u>53,804.39</u>		
Total Deferred Outflows of Resources	<u>53,804.39</u>		
<u>LIABILITIES</u>			
Accounts Payable	125,729.47	7,813.99	133,543.46
Accrued Interest Payable	52,301.37		52,301.37
Interfund Payable	900.00	8,266.62	9,166.62
Unearned Revenue		4,585.99	4,585.99
Advances from Grantors	9,000.00		9,000.00
Noncurrent Liabilities (Note 4):			
Due Within One Year	326,000.00		326,000.00
Due Beyond One Year	<u>2,681,263.00</u>		<u>2,681,263.00</u>
Total liabilities	<u>3,195,193.84</u>	<u>20,666.60</u>	<u>3,215,860.44</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unamortized Premium on Refinancing	<u>103,119.20</u>		
Total Deferred Outflows of Resources	<u>103,119.20</u>		
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	5,639,354.56	28,456.91	5,667,811.47
Restricted for:			
Other Purposes	1,239,854.18		1,239,854.18
Unrestricted (Deficit)	<u>(368,715.33)</u>	<u>11,278.73</u>	<u>(357,436.60)</u>
Total Net Position	<u>\$ 6,510,493.41</u>	<u>\$ 39,735.64</u>	<u>\$ 6,550,229.05</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$4,176,465.61			(\$4,176,465.61)		(\$4,176,465.61)
Special Education	512,211.79		534,295.00	22,083.21		22,083.21
Other Instruction	79,347.34			(79,347.34)		(79,347.34)
Support Services:						
Tuition	4,957,769.86		178,000.00	(4,779,769.86)		(4,779,769.86)
Student & Instruction Related Services	1,207,204.42		110,275.45	(1,096,928.97)		(1,096,928.97)
School Administrative Services	378,573.51			(378,573.51)		(378,573.51)
General and Business Administrative Services	539,810.51			(539,810.51)		(539,810.51)
Plant Operations and Maintenance	993,435.33		17,338.00	(976,097.33)		(976,097.33)
Pupil Transportation	659,510.37		102,195.80	(557,314.57)		(557,314.57)
Unallocated Benefits	2,430,548.83		796,224.78	(1,634,324.05)		(1,634,324.05)
Interest on Long-Term Debt	150,619.69			(150,619.69)		(150,619.69)
Unallocated Depreciation and Amortization	69,655.44			(69,655.44)		(69,655.44)
Total Governmental Activities	16,155,152.70		1,738,329.03	(14,416,823.67)		(14,416,823.67)
Business-Type Activities:						
Food Service	173,362.21	137,334.22	30,251.40		(5,776.59)	(5,776.59)
Total Business-Type Activities	173,362.21	137,334.22	30,251.40		(5,776.59)	(5,776.59)
Total Primary Government	\$16,328,514.91	\$137,334.22	\$1,768,580.43	(\$14,416,823.67)	(\$5,776.59)	(\$14,422,600.26)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$14,215,815.00		\$14,215,815.00
Taxes Levied for Debt Service				270,000.00		270,000.00
Federal and State Aid not Restricted				5,771.00		5,771.00
Investment Earnings					42.97	42.97
Miscellaneous Income				124,031.63		124,031.63
Total General Revenues and Transfers				14,615,617.63	42.97	14,615,660.60
Change in Net Position				198,793.96	(5,733.62)	193,060.34
Net Position—Beginning (Restated)				6,311,699.45	45,469.26	6,357,168.71
Net Position—Ending				\$6,510,493.41	\$39,735.64	\$6,550,229.05

The accompanying Notes to Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**SECTION – B**

**GOVERNMENTAL FUNDS**

MOUNTAINSIDE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents (Deficit)	\$ 1,362,090.86	\$ (110,806.38)	\$ 15,782.20	\$ 1,267,066.68
Interfund Accounts Receivable	65,132.32			65,132.32
Receivables from Other Governments	37,976.12	120,423.19		158,399.31
Other Accounts Receivable		5,049.19		5,049.19
Total Assets	<u>1,465,199.30</u>	<u>14,666.00</u>	<u>15,782.20</u>	<u>1,495,647.50</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	120,063.47	5,666.00		125,729.47
Advances from Grantors		9,000.00		9,000.00
Interfund Accounts Payable	900.00			900.00
Total Liabilities	<u>120,963.47</u>	<u>14,666.00</u>		<u>135,629.47</u>
Fund Balances:				
Restricted:				
Reserved Excess Surplus	182,674.41			182,674.41
Reserved Excess Surplus-Designated for Subsequent Year Expenditures	197,127.46			197,127.46
Capital Reserve Account	679,500.00			679,500.00
Capital Reserve Account-Designated for Subsequent Year Expenditures	100,000.00			100,000.00
Maintenance Reserve Account	35,333.00			35,333.00
Assigned:				
Designated for Subsequent Year's Expenditures	29,437.11		15,782.20	45,219.31
Unassigned:				
General Fund	120,163.85			120,163.85
Total Fund Balances	<u>1,344,235.83</u>		<u>15,782.20</u>	<u>1,360,018.03</u>
Total Liabilities and Fund Balances	<u>\$ 1,465,199.30</u>	<u>\$ 14,666.00</u>	<u>\$ 15,782.20</u>	<u>\$ 1,495,647.50</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	\$ 1,360,018.03
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$13,930,902, and the accumulated depreciation is \$5,671,547.	8,259,354.56
Long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,007,263.00)
Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(52,301.37)
The premium received on the sale of bonds is recorded in the governmental funds as an addition to Fund Balance, but are carried on the statement of net position and amortized over the life of the bonds. The carrying value of bond premiums is \$234,093 and the accumulated amortization is \$130974	(103,119.20)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$75,921 and accumulated amortization is \$22,117	<u>53,804.39</u>
Net position of governmental activities	<u>\$ 6,510,493.41</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 14,215,815.00			\$ 270,000.00	\$ 14,485,815.00
Other Local Sources	124,031.62	88,911.26			212,942.88
State Sources	1,455,824.58				1,455,824.58
Federal Sources		199,364.19			199,364.19
	15,795,671.20	288,275.45		270,000.00	16,353,946.65
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	3,809,020.02				3,809,020.02
Special Education Instruction	512,211.79				512,211.79
Other Instruction	79,347.34				79,347.34
Support Services and Undistributed Costs:					
Tuition	4,845,769.86	178,000.00			5,023,769.86
Student & Instruction Related Services	1,096,928.97	110,275.45			1,207,204.42
School Administrative Services	378,573.51				378,573.51
Other Administrative Services	481,803.08		38,717.80		520,520.88
Plant Operations and Maintenance	980,235.33				980,235.33
Pupil Transportation	659,510.37				659,510.37
Unallocated Benefits	2,430,548.83				2,430,548.83
Debt Service:					
Principal				250,000.00	250,000.00
Interest Charges				120,000.00	120,000.00
Capital Outlay	24,368.00				24,368.00
	15,298,317.10	288,275.45	38,717.80	370,000.00	15,995,310.35
Excess (Deficiency) of Revenues over Expenditures	497,354.10		(38,717.80)	(100,000.00)	358,636.30
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in			54,500.00	100,000.00	154,500.00
Transfers out	(154,500.00)				(154,500.00)
	(154,500.00)		54,500.00	100,000.00	
Net Change in Fund Balances	342,854.10	-	15,782.20	-	358,636.30
Fund Balance—Beginning	1,001,381.73				1,001,381.73
Fund Balance—Ending	\$ 1,344,235.83	\$ -	\$ 15,782.20	\$ -	\$ 1,360,018.03

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Total net change in fund balances - governmental funds (from B-2)		\$ 358,636.30
Amounts reported for governmental activities in the statement of activities (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 exceeded capital outlays in the period.		
	Depreciation expense	(241,120.37)
	Capital Outlays	<u>2,899.00</u> (238,221.37)
Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		250,000.00
Repayments of prior year tuition settlements over time (long term debt) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		66,000.00
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(255,263.00)
In the statement of activities, the long-term portion of a judgment payable is accrued in the year of settlement, but is not recognized in the fund financial statements		
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. The accrued interest is an addition in the reconciliation. (+)		(9,150.69)
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, in the statement of activities, the costs are amortized over the life of the bonds. The annual amortization is a reduction in the reconciliation.		
Transactions related to a current refunding of a long-term debt, refinancing of lease obligations (costs of issuance, premium on refinancing, deferred amount on refinancing) are amortized over the life of the bonds		
Premium on Refunding Bonds		33,483.43
Deferred Amount from Refunding		<u>(6,690.72)</u> 26,792.71
Change in net assets of governmental activities		\$ <u>198,793.95</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**PROPRIETARY FUNDS**

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPPRIETARY FUNDS  
JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>	<u>TOTAL ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>	<u>TOTAL</u>
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$ 25,710.93	\$ 25,710.93
Accounts Receivable (Net)	2,648.86	2,648.86
Interfund Receivable		
Inventory	<u>3,585.54</u>	<u>3,585.54</u>
Total Current Assets	<u>31,945.33</u>	<u>31,945.33</u>
Noncurrent Assets:		
Furniture, Machinery & Equipment	136,297.97	136,297.97
Less Accumulated Depreciation	<u>(107,841.06)</u>	<u>(107,841.06)</u>
Total Noncurrent Assets	<u>28,456.91</u>	<u>28,456.91</u>
Total Assets	<u><u>60,402.24</u></u>	<u><u>60,402.24</u></u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	7,813.99	7,813.99
Unearned Revenue	4,585.99	4,585.99
Interfunds payable	<u>8,266.62</u>	<u>8,266.62</u>
Total liabilities	<u>20,666.60</u>	<u>20,666.60</u>
<u>NET POSITION</u>		
Invested in Capital Assets Net of Related Debt	28,456.91	28,456.91
Unrestricted (Deficit)	<u>11,278.73</u>	<u>11,278.73</u>
Total Net Position	<u><u>\$ 39,735.64</u></u>	<u><u>\$ 39,735.64</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>	<u>TOTAL ENTERPRISE FUND</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-reimbursable Programs	\$ 137,334.22	\$ 137,334.22
Total Operating Revenues	<u>137,334.22</u>	<u>137,334.22</u>
Operating Expenses:		
Cost of Sales	90,743.07	90,743.07
Salaries	52,112.57	52,112.57
Employee benefits	7,898.33	7,898.33
Administrative Expenses	5,948.68	5,948.68
Miscellaneous Expenses	222.00	222.00
Transportation	1,142.10	1,142.10
Management Fee	8,038.40	8,038.40
Depreciation	7,257.06	7,257.06
Total Operating Expenses	<u>173,362.21</u>	<u>173,362.21</u>
Operating Income (Loss)	<u>(36,027.99)</u>	<u>(36,027.99)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,570.93	1,570.93
Federal Sources:		
USDA Commodities	12,598.99	12,598.99
National School Lunch Program	16,081.48	16,081.48
Interest and Investment Revenue	42.97	42.97
Total Nonoperating Revenues (Expenses)	<u>30,294.37</u>	<u>30,294.37</u>
Income (Loss) Before Transfers	(5,733.62)	(5,733.62)
Change in Net Position	(5,733.62)	(5,733.62)
Total Net Position—Beginning	<u>45,469.26</u>	<u>45,469.26</u>
Total Net Position—Ending	<u>\$ 39,735.64</u>	<u>\$ 39,735.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>	<u>TOTAL ENTERPRISE FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 139,945.97	\$ 139,945.97
Payments to Suppliers	<u>(143,222.17)</u>	<u>(143,222.17)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,276.20)</u>	<u>(3,276.20)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal and State Sources	<u>17,470.51</u>	<u>17,470.51</u>
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>17,470.51</u>	<u>17,470.51</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchases of Capital Assets	<u>(5,845.29)</u>	<u>(5,845.29)</u>
Net cash provided by (used for) capital and related financing activities:	<u>(5,845.29)</u>	<u>(5,845.29)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	<u>42.97</u>	<u>42.97</u>
Net cash provided by (used for) investing activities	<u>42.97</u>	<u>42.97</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,391.99	8,391.99
Balances—Beginning of Year	<u>17,318.94</u>	<u>17,318.94</u>
Balances—End of Year	\$ <u>25,710.93</u>	\$ <u>25,710.93</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ <u>(36,027.99)</u>	<u>(36,027.99)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization	7,257.06	7,257.06
USDA Commodities	12,598.99	12,598.99
(Increase) Decrease in Accounts Receivable	274.71	274.71
(Increase) Decrease in Inventory	2,470.00	2,470.00
Increase (Decrease) in Prepaid Revenue	2,337.04	2,337.04
Increase (Decrease) in Accounts Payable	<u>7,813.99</u>	<u>7,813.99</u>
Total Adjustments	<u>32,751.79</u>	<u>32,751.79</u>
Net Cash Provided by (Used for) Operating Activities	\$ <u><u>(3,276.20)</u></u>	<u><u>(3,276.20)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**FIDUCIARY FUNDS**

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014

	Nonexpendable Trust Fund	AGENCY			Expendable Trust Fund			TOTALS
	Rosenstiehl Scholarship Fund	Student Activity	Payroll Agency	Net Payroll	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 90,072.76	\$ 57,284.63	\$ 26,880.71	\$ 59,907.41	\$ 6,175.93	23,727.79	\$ 86,876.87	\$ 350,926.10
Interfund Accounts Receivable	400.00		955.73		725.00			2,080.73
Total Assets	<u>\$ 90,472.76</u>	<u>\$ 57,284.63</u>	<u>\$ 27,836.44</u>	<u>\$ 59,907.41</u>	<u>\$ 6,900.93</u>	<u>23,727.79</u>	<u>\$ 86,876.87</u>	<u>\$ 353,006.83</u>
<b>LIABILITIES</b>								
Liabilities:								
Interfund Accounts Payable	\$	\$	\$ 21,713.65	\$ 36,107.78	\$	225.00	\$	\$ 58,046.43
Unidentified Deposits			3,656.67	23,799.63				27,456.30
Unemployment Benefits Payable			2,466.12					2,466.12
Payroll Deductions and Withholdings Due to Student Groups		57,284.63						57,284.63
Total Liabilities		<u>57,284.63</u>	<u>27,836.44</u>	<u>59,907.41</u>		<u>225.00</u>		<u>145,253.48</u>
<b>NET POSITION</b>								
Net Position Restricted for:								
Unemployment Compensation Insurance Principal Portion - Nonexpandable Trust	90,472.76						86,876.87	86,876.87
Unrestricted					6,900.93	23,502.79		30,403.72
Total Net Position	<u>90,472.76</u>				<u>6,900.93</u>	<u>23,502.79</u>	<u>86,876.87</u>	<u>207,753.35</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

MOUNTAINSIDE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expendable Trust Fund</u>			<u>Nonexpendable Trust Fund</u>	<u>Totals</u>
	<u>De Rosa Scholarship Fund</u>	<u>Rothstock Scholarship Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Rosenstiehl Scholarship Fund</u>	
<b><u>ADDITIONS:</u></b>					
Deductions from Employees' Salaries	\$		\$ 10,081.63	\$	\$ 10,081.63
Interest	3.89	13.72	75.64	51.64	144.89
Contributions	400.00				400.00
<b>Total Additions</b>	<b>403.89</b>	<b>13.72</b>	<b>10,157.27</b>	<b>51.64</b>	<b>10,626.52</b>
<b><u>DEDUCTIONS:</u></b>					
Unemployment Benefits			33,297.19		33,297.19
Scholarship Payments	1,700.00	525.00		2,000.00	4,225.00
<b>Total Deductions</b>	<b>1,700.00</b>	<b>525.00</b>	<b>33,297.19</b>	<b>2,000.00</b>	<b>37,522.19</b>
<b>Change in Net Position</b>	<b>(1,296.11)</b>	<b>(511.28)</b>	<b>(23,139.92)</b>	<b>(1,948.36)</b>	<b>(26,895.67)</b>
<b>Net Position - Beginning</b>	<b>8,197.04</b>	<b>24,014.07</b>	<b>110,016.79</b>	<b>92,421.12</b>	<b>234,649.02</b>
<b>Net Position - Ending</b>	<b>\$ 6,900.93</b>	<b>\$ 23,502.79</b>	<b>\$ 86,876.87</b>	<b>\$ 90,472.76</b>	<b>\$ 207,753.35</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**MOUNTAINSIDE SCHOOL DISTRICT**  
**COUNTY OF UNION, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Borough of Mountainside School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

**B. Reporting Entity:**

The Borough of Mountainside School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. The purpose of the district is to educate students in grades Pre-K-12. High school students (grades 9-12) are sent to Governor Livingston High School, located in adjacent Berkeley Heights Township, pursuant to a contractual agreement by and between the Berkeley Heights School District and the Mountainside School District. The Borough of Mountainside School District had an average daily enrollment of 758 students in grades Pre-K through 8 for the 2013-2014 school year, and was sending students to Governor Livingston High School pursuant to a sending/receiving agreement.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for 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 New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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 fixed 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 Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Permanent Fund** – The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Basis of Presentation - Fund Financial Statements (Cont'd.)**

The District reports the following major enterprise funds:

**Food Service Fund** – The Food Service Fund is used to account fore the activities of the cafeteria operations of the District.

The District also reports the following fiduciary fund types:

**Agency Fund** – The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**Employee Benefit Trust (Unemployment Insurance)** – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

**Private Purpose Scholarship Trust** – The Private Purpose Scholarship Trust should be used to report all trust arrangements under which principal and/or income benefit individuals, private organizations or other governments.

During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

Further, interfund activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. In the preparation of the government-wide financial statements, transfers between funds included as governmental activities are eliminated so that only net amounts of resources transferred ferom or to the governmental activities are reported. A similar treatment is afforded transfers of resources between enterprise funds for the preparation of business-type activity financial statements.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District recognizes the entire approved tax levy as

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### E. Measurement Focus and Basis of Accounting (Cont'd.)

revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid revenues are recognized as District revenue during the fiscal period in which they are appropriated.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting. Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. General capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection. Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

#### F. Budgets/Budgetary Control:

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses. The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### F. Budgets/Budgetary Control: (Cont'd.)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds. The Board of Education did not make any supplemental budgetary appropriations during the fiscal year that required additional approvals from oversight agencies.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial statements.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules – General and Special Revenue Funds to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Budgets/Budgetary Control (Cont'd):**

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$15,776,552.40	\$288,343.26
Difference- budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenues (Net)	0.00	(67.81)
Certain State Aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(192,706.00)	0.00
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>211,824.80</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds.	<u>\$15,795,671.20</u>	<u>\$288,275.45</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" From the budgetary comparison schedule	\$15,298,317.10	\$288,343.26
Difference- budget to GAAP:		
Encumbrances for supplies and equipment ordered but not yet are reported in the year the encumbrance is placed for budgetary purposes, but in the year the goods are received for financial reporting purposes (Net)	<u>0.00</u>	<u>(67.81)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$15,298,317.10</u>	<u>\$288,275.45</u>

**G. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, which are generally based on quoted market prices.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **G. Cash, Cash Equivalents and Investments (Cont'd.):**

New Jersey school districts are limited as to the types 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 public 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. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the amended law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

#### **H. Tuition Receivable/Payable**

Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. Adjustments were made to the preliminary rates originally established for the 2014-2015 school year based upon the certification of 2012-2013 rates.

#### **I. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures in the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items in both the government-wide and fund financial statements.

#### **J. 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.

NOTES TO FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**K. Capital Assets:**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000.00 or more of initial, individual cost for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated costs.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	15-20 Years

**L. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued in the government-wide financial statements as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

Based upon existing personnel policies and collective bargaining agreements, employees are granted varying amounts of annual sick, personal and vacation leave. Sick leave may be accumulated for use in subsequent years. Unused personal leave is added to unused sick leave accumulations annually. Accumulations of unused sick leave may be used only for illnesses in subsequent periods. Generally, the amount of unused vacation pay that may be carried forward is limited to five (5) days. Based upon the limited number of employees who are entitled to vacation pay, the estimated value of amounts carried forward is considered to be de minimus, Accordingly, no amount has been reported in the district-wide financial statements as a liability for compensated absences at June 30, 2014.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**M. Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting one item in this category; the Deferred Amount on Refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. See Note 16 regarding the restatement of net position relating to Deferred Bond Issue Costs required in the 2013-2014 fiscal period by GASB Statement No. 65.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents a acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting one item in this category, the Unamortized Premium on Refunding. This item represents the amount above the par value of the refunding bonds paid by the purchaser of the bonds at closing, and is deferred recognized as an inflow of resources over the life of the refunding bonds.

**N. Unearned Revenue/Advances from Grantors:**

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

**O. Net Position Flow Assumption (District-Wide and Proprietary Fund Financial Statements)**

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position- restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied.. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

**P. Fund Balance Flow Assumption (Governmental Fund Financial Statements)**

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **Q. Fund Balance Policies:**

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

#### **R. District-Wide Financial Statement Classifications**

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Fixed Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Fixed assets as a component of net position for the governmental activities and business-type activities.

#### **S. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program are classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### T. Reconciliation of District-Wide and Fund Financial Statements

I. Differences between governmental fund balance sheet and District-wide statement of net position:

Total Governmental Fund Balance (B-1)	\$1,360,018
Adjustments to District-Wide Net Position:	
Capital Assets (see Note 3)	8,259,354
Long-Term Liabilities (see Note 4)	(3,007,263)
Other Items not recognized in Fund Financial Statements:	
Accrued Interest on Long-term Debt	(52,301)
Unamortized Premiums Received on Bond Sales	(103,119)
Unamortized Deferred Amounts from Refunding	<u>53,804</u>
Net Position of Governmental Activities	<u>\$6,510,493</u>

II. Differences between governmental fund statement of revenues, expenditures and changes in fund balances and District-wide statement of activities:

Total Net Change Governmental Fund Balance (B-2)	\$358,636
Adjustments to District-Wide Net Position:	
Depreciation on Capital Assets (see Note 3)	(238,221)
Repayment of Long-Term Liabilities (see Note 4)	316,000
Other Adjustments to Fund Financial Statements:	
Increase in Value of Compensated Absences	(255,263)
Interest on Long-term Debt (Accrual Basis for District-Wide)	(9,151)
Amortization of Premiums Received on Bond Sales	33,484
Amortization of Deferred Amounts from Refunding	<u>(6,691)</u>
Net Position of Governmental Activities	<u>\$198,794</u>

#### U. Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Mountainside Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$250,000.00
Insured – NJGUDPA (N.J.S.A.17:94.1)	1,464,239.84
Uninsured – NJCMF (see below)	<u>124,237.68</u>
Total Deposits	<u>\$1,838,477.52</u>

**Custodial Credit Risk – Deposits-** Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$0.00 of the Board’s bank balance of \$1,714,239.84 was exposed to custodial risk. (See Note 1-G. relating to statutory mitigation of custodial risk in the event of a bank failure).

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2014, the District had \$124,237.68 on deposit with the New Jersey Cash Management Fund.

NOTE 3. CAPITAL ASSETS

MOUNTAINSIDE SCHOOL DISTRICT  
 CAPITAL ASSETS NOTE DISCLOSURE  
DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance - total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the District-wide financial statements, which consisted of:

Total capital assets at cost	13,930,901.64
Less: accumulated depreciation	<u>(5,671,547.08)</u>
Government Activities Capital Assets, Net	<u>8,259,354.56</u>

Capital assets by classification and activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 1,875,069.97	\$ -	\$ -	\$ 1,875,069.97
Total Capital Assets Not Being Depreciated	<u>1,875,069.97</u>	<u>-</u>	<u>-</u>	<u>1,875,069.97</u>
Building and Building Improvements	10,794,803.14	-	-	10,794,803.14
Improvements other than Buildings	487,954.00	-	-	487,954.00
Machinery, Equipment, Furniture & Vehicles	<u>770,175.53</u>	<u>2,899.00</u>	<u>-</u>	<u>773,074.53</u>
Totals at Historical Cost	<u>12,052,932.67</u>	<u>2,899.00</u>	<u>-</u>	<u>12,055,831.67</u>
Less Accumulated Depreciation For:				
Building and Building Improvements	(4,296,843.15)	(196,833.71)	-	(4,493,676.86)
Improvements other than Buildings	(417,900.99)	(24,969.30)	-	(442,870.29)
Equipment, Furniture, and Vehicles	<u>(715,682.57)</u>	<u>(19,317.36)</u>	<u>-</u>	<u>(734,999.93)</u>
Total Accumulated Depreciation	<u>(5,189,886.14)</u>	<u>(241,120.37)</u>	<u>-</u>	<u>(5,671,547.08)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>6,863,046.53</u>	<u>(238,221.37)</u>	<u>-</u>	<u>6,384,284.59</u>
Government Activities Capital Assets, Net	<u>\$ 8,738,116.50</u>	<u>\$ (238,221.37)</u>	<u>\$ -</u>	<u>\$ 8,259,354.56</u>
Business-type Activities				
Equipment	130,452.68	5,845.29	-	136,297.97
Less Accumulated Depreciation for: Equipment	<u>(100,584.00)</u>	<u>(7,257.06)</u>	<u>-</u>	<u>(107,841.06)</u>
Business-type Activities Capital Assets, Net	<u>\$ 35,956.68</u>	<u>\$ (1,411.77)</u>	<u>\$ -</u>	<u>\$ 28,456.91</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 125,382.59
General & Business Admin. Services	19,289.63
Unallocated	96,448.15
Total depreciation expense	<u>\$ 241,120.37</u>

NOTE 4: LONG-TERM LIABILITIES

MOUNTAINSIDE SCHOOL DISTRICT  
 LONG TERM DEBT DISCLOSURE  
DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that Long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported liabilities in the governmental funds. A deduction to the fund balance - total governmental funds is made to reflect the carrying value of the District's long-term liabilities at year-end in the governmental activities of the District-wide financial statements.

Long-term debt liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 2,870,000.00	\$ _____	\$ 250,000.00	\$ 2,620,000.00	\$ 260,000.00
Total Bonds Payable	<u>2,870,000.00</u>	<u>                    </u>	<u>250,000.00</u>	<u>2,620,000.00</u>	<u>260,000.00</u>
Other Liabilities:					
Compensated Absences Payable		255,263.00		255,263.00	
Judgments Payable	<u>198,000.00</u>	<u>                    </u>	<u>66,000.00</u>	<u>132,000.00</u>	<u>66,000.00</u>
Total Other Liabilities	<u>198,000.00</u>	<u>255,263.00</u>	<u>66,000.00</u>	<u>387,263.00</u>	<u>66,000.00</u>
Total Liabilities	<u>\$ 3,068,000.00</u>	<u>\$ 255,263.00</u>	<u>\$ 316,000.00</u>	<u>\$ 3,007,263.00</u>	<u>\$ 326,000.00</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):**

**A. Bonds Payable** -- Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding as at June 30, 2014 is as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$260,000.00	\$109,800.00	\$369,800.00
2016	270,000.00	99,200.00	369,200.00
2017	280,000.00	88,200.00	368,200.00
2018	295,000.00	75,962.50	370,962.50
2019	305,000.00	62,462.50	367,462.50
2020	305,000.00	48,356.25	353,356.25
2021	305,000.00	33,868.75	338,868.75
2022	300,000.00	19,312.50	319,312.50
2023	<u>300,000.00</u>	<u>6,000.00</u>	<u>306,000.00</u>
	<u>\$ 2,620,000.00</u>	<u>\$ 543,162.50</u>	<u>\$ 3,163,162.50</u>

**B. Bonds Authorized But Not Issued** – During the 2013-14 school year, the voters of the District approved a referendum authorizing major repairs, renovations and upgrades to the District’s school facilities. The amount of the bonds authorized, \$19,484,000, remained unissued at June 30, 2014. These bonds were fully issued on July 8, 2014.

**C. Advance Refunding of 2003 School Bonds** – On March 10, 2011, the District issued \$3,130,000.00 Refunding School Bonds, Series 2011 (the “Bonds”) to advance refund \$3,233,000.00 of its callable 2001 School Bonds. Interest Rates on the Refunding Bonds ranged from 3.0% to 4.875%, while Yields, which reflect premiums or discounts, ranged from 1.0% to 4.06%. The Net Interest Cost (NIC) on the Bonds was 3.33%. The net proceeds of the sale of \$3,308,920.94, which includes premiums of \$234,092.85 and deducts \$55,171.91 of underwriting fees and other costs associated with the issuance of the Bonds, were used to purchase U.S. Government Securities, which were deposited to an irrevocable Trust with an escrow agent. The escrow provided for all future debt service payments through July 15, 2011 and a call order was placed by the Trustee on that date to redeem the outstanding callable principal of these bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$75,920.94. This difference, reported in the accompanying District-wide financial statements as a “contra” amount to bonds payable, is being charged as a Governmental Activities expense through the school year ended June 30, 2023. Annual charges to amortize the Deferred Amount from Refunding are calculated on a “straight line” basis.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 5. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement System (DCRP)** - The DCRP was established effective July 1, 2007 to provide coverage to certain elected and appointed officials who became excluded from the PERS system pursuant to the provisions of P.L. 2007, c. 92. In addition, certain members of the PERS and TPAF, enrolled after July 1, 2007 who earn salary in excess of those systems' maximum compensation limits are eligible for DCRP membership for the compensation not credited to PERS or TPAF participation.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits for PERS and TPAF systems vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. PENSION PLANS (CONT'D):**

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.

Vesting in the DCRP occurs after one year of membership. Employer contributions to the DCRP are set at 3% of base salary.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, PL 2011, TPAF and PERS employee contributions were increased from 5.5% to 6.5% of employees' annual compensation, as defined, effective June 28, 2011. An additional increase which will bring employee contributions to 7.5% is being phased in over the seven-year period subsequent to the effective date of Chapter 78. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/14	\$ 95,357	100 %	\$ 0
6/30/13	112,132	100 %	0
6/30/12	110,421	100 %	0

**Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)**

<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/14	\$ 174,443.00	Unknown %	\$ 0
6/30/13	289,645.00	Unknown %	0
6/30/12	160,557.00	Unknown %	0

The amounts reported above for this year represents payments for the costs of non-contributory group life insurance premiums. In 2011-2012, the State resumed funding for normal pension and accrued liability costs, and \$15,560 of the on-behalf payment represents NCGI premiums. During the 2012-2013, \$14,478 of the on-behalf payment represents NCGI premiums. During the current period, \$14,149 of the on-behalf payment represents NCGI premiums. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$335,759.78 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. POST-RETIREMENT BENEFITS**

The State of New Jersey sponsors and administers the post-employment health benefits program for school districts. Free coverage is provided to members of the TPAF who retire after accumulating 25 years of credited service or on a disability retirement. The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage.

The Division of Pensions issues a publicly available financial report that includes the financial statements and required supplementary information for the Health Benefits Program Fund – Local Government. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

At June 30, 2013, there were approximately 100,134 retirees receiving State paid post retirement health benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post retirement medical benefits was changed from a pre-funding basis to a pay-as-you-go basis in Fiscal Year 1994.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State’s contributions to the Health Benefits Program Fund on-behalf of the District for TPAF retiree health benefits, for the last three years, is as follows:

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<b><u>Year Funding</u></b>	<b><u>Annual Post Retirement Medical Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/14	\$ 286,022	100 %	\$ 0
6/30/13	327,515	100 %	0
6/30/12	322,762	100 %	0

**NOTE 7. 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.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RISK MANAGEMENT (CONT'D.)**

**Property and Liability Insurance** - The District, along with other school districts, is a member of the School Alliance Insurance Fund (the "Fund"), a governmental joint insurance fund. SAIF has adopted a formal risk management plan that involves a combination of District risk retention (through the use of per claim and aggregate per line deductibles), Fund retention of risk and the procurement of excess insurance and reinsurance through commercial reinsurers and the School Excess Liability Fund. A complete listing of the coverages provided by the Fund can be found in the statistical section of the Comprehensive Annual Financial Report. Surety bond coverage for the School Business Administrator is provided through the Fund. Audited financial information for the Fund relating to the level of claims reserves, estimated amounts of claims incurred but not reported and net assets were not available for inclusion in this report.

**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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and five prior years:

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 75	\$ 10,082	\$ 33,297	\$ 86,877
2012-2013	106	6,354	27,092	110,017
2011-2012	61,897	9,068	69,566	130,649
2010-2011	200,580	9,816	74,824	129,158
2009-2010	93,248	10,551	111,005	324
2008-2009	22,108	11,666	45,941	7,529

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2014:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 65,132.32	900.00
Proprietary Funds		8,266.62
Fiduciary Funds	<u>2,080.73</u>	<u>58,046.43</u>
Total	<u>\$ 67,213.05</u>	<u>\$ 67,213.05</u>

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 9: FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,536,941.83 General Fund balance at June 30, 2014 (Budgetary Basis), Legally restricted balances include \$779,500.00 of Capital Reserves, of which \$100,000.00 is Designated for expenditure in the 2014-15 school year; \$35,333.00 of undesignated balance in the Maintenance Reserve; \$379,801.87 of excess surplus (Note 10), of which \$197,127.46 has been designated for 2014-2015 expenditures and \$182,674.41 which is legally restricted for use in the 2015-16 budget cycle and \$29,437.11, which has been assigned for subsequent year's expenditures and includes \$16,103.57 of year-end encumbrances. Of the unrestricted fund balance, \$312,869.85 is unassigned.

The total General Fund balance and reserve for excess surplus must be reduced by \$192,706.00 of state aid that was realized as revenue on the budgetary basis but is not permitted to arrive at the amounts reported as components of fund balance in the governmental fund financial statements.

### **NOTE 10. CALCULATION OF EXCESS SURPLUS**

In accordance with *N.J.S.A.* 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), 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. Based upon the statutory calculation, there was excess fund balance of \$197,127.46 at June 30, 2014 that was appropriated as part of the 2014-15 school budget. There was \$182,674.41 of excess fund balance at June 30, 2014 that will be required to be appropriated as part of the 2014-15 school budget.

### **NOTE 11. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District of Mountainside Board of Education by inclusion of \$1.00 during fiscal year 2003 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) and updated annually in the Quality Assurance Annual Report (QAAR), including the payment of debt service on such projects. Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. 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 projects in its approved LRFP. During the 2013-14 School Year, the District utilized \$100,000 of the \$500,000 capital reserve balance to fund debt service costs. An additional \$54,500 was transferred to the capital projects fund with Board approval to finance the preliminary costs necessary to the scope and costing of the referendum project. At June 30, 2014 the District transferred an additional \$434,000 to the capital reserve and reported a total of \$779,500 of legally restricted general fund balance in the Capital Reserve Account. Of that total, \$100,000 has been included in the 2014-15 budget as a planned withdrawal to fund debt service costs.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 12. OTHER RESERVE ACCOUNTS**

Pursuant to enabling legislation and rulemaking, the District established legally restricted Reserve Funds for Maintenance and Emergencies during the month of June, 2009, in the amounts of \$245,339.00 and \$189,528.00, respectively. At June 30, 2013, balances remaining in the Maintenance and Emergency Reserves were \$65,333 and \$-0-, respectively. At June 30, 2014, there were withdrawals from the Maintenance Reserves of \$30,000 during the 2013-14 school year leaving a balance of \$35,333.

### **NOTE 13. DEFICIT FUND BALANCES**

The District did not report a deficit fund balance at June 30, 2013 or 2014 in its General Fund in the fund statements (modified accrual basis). P.L. 2003 c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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, ie., if one government recognizes an asset, the other government recognizes a liability. Since the District is not recording the last two state aid payments, including Extraordinary Aid, on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon nonrecognition of revenue on the GAAP basis for the final state aid payment.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action.

### **NOTE 14. TUITION SETTLEMENT**

During the 2010-2011 school year, a settlement with the receiving district was reached regarding tuition adjustments for the costs of certain special education programs provided by the receiving district. The settlement called for a total adjustment of \$330,000, payable in five (5) equal installments of \$66,000, due in July of each year commencing in 2011. The 2013-14 payment was included as a component of budgeted tuition in the 2013-14 Budget. This amount is a component of the adjustments to reconcile the fund financial statements to the District-Wide statement of net position. At June 30, 2014, the District had three annual payments remaining, for a total liability of \$132,000.

### **NOTE 15. PENDING LITIGATION AND CONTINGENT LIABILITIES**

PENDING LITIGATION - At June 30, 2014, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

### **NOTE 16. RESTATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES**

During the 2013-2014 fiscal period, the District adopted the provisions of GASB statement no. 65. The adoption of this standard required a write-down of \$43,961.93 of Deferred Outflows (Deferred Bond Issue Costs) as of July 1, 2013, requiring a restatement of the governmental activities unrestricted net position of the District from (\$165,770.01) to (\$209,731.94), and total governmental activities net position from \$6,355,661.38 to \$6,311,699.45. The adoption of this standard did not impact the reporting of general fund balance.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 17. SUBSEQUENT EVENTS

On July 8, 2014, the District sold \$19,484,000 of school bonds to finance the costs of a major facilities improvement project previously approved by the voters at a referendum held in March, 2014. The Bonds bear interest at rates ranging from 3.00% to 3.70% and mature in annual installments on August 15<sup>th</sup> in years 2015 through 2034. The State of New Jersey has pledged state building aid to finance 40% of the annual debt service (principal and interest) costs on the bonds

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION – C**

MOUNTAINSIDE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	14,215,815.00		14,215,815.00	14,215,815.00	
Preschool Tuition-Individuals	19,800.00		19,800.00	13,860.00	(5,940.00)
Transportation Fees-Individuals	48,150.00		48,150.00	51,080.07	2,930.07
Other Restricted Miscellaneous Revenue	63,189.00		63,189.00	29,483.00	(33,706.00)
Unrestricted Miscellaneous Revenue				29,608.55	29,608.55
Total - Local Sources	<u>14,346,954.00</u>		<u>14,346,954.00</u>	<u>14,339,846.62</u>	<u>(7,107.38)</u>
State Sources:					
Transportation Aid	65,170.00		65,170.00	65,170.00	
Special Ed. Aid	382,540.00		382,540.00	382,540.00	
Security Aid	17,494.00		17,494.00	17,494.00	
Under Adequacy Aid	5,780.00		5,780.00	5,780.00	
Extraordinary Aid	167,000.00		167,000.00	147,759.00	(19,241.00)
Non-Public Transportation Aid				21,738.00	21,738.00
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				286,022.00	286,022.00
On-behalf TPAF Pension Payments (non-budgeted)				174,443.00	174,443.00
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				335,759.78	335,759.78
Total - State Sources	<u>637,984.00</u>		<u>637,984.00</u>	<u>1,436,705.78</u>	<u>798,721.78</u>
Total Revenues	<u>14,984,938.00</u>		<u>14,984,938.00</u>	<u>15,776,552.40</u>	<u>791,614.40</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

Exhibit - C-1  
 Page 2 of 9

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	29,079.00	(1,500.00)	27,579.00	27,432.11	146.89
Kindergarten	374,299.00	11,106.35	385,405.35	385,230.62	174.73
Grades 1- 5	1,848,685.00	130,445.65	1,979,130.65	1,979,130.65	
Grades 6- 8	1,187,824.00	45,535.53	1,233,359.53	1,233,359.53	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,200.00	(2,000.00)	200.00		200.00
Regular Programs- Undistributed Instruction:					
Purchased Technical Services	2,900.00	(2,900.00)			
Other Purchased Services	13,488.00	(1,051.50)	12,436.50	12,436.50	
General Supplies	115,334.00	20,810.70	136,144.70	126,377.43	9,767.27
Textbooks	38,492.00	943.05	39,435.05	38,163.80	1,271.25
Other Objects	7,800.00	(718.33)	7,081.67	6,889.38	192.29
<b>Total Regular Programs</b>	<b>3,620,101.00</b>	<b>200,671.45</b>	<b>3,820,772.45</b>	<b>3,809,020.02</b>	<b>11,752.43</b>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	475,246.00	(87,103.18)	388,142.82	359,786.31	28,356.51
Other Salaries for Instruction	152,415.00	(1,842.48)	150,572.52	149,246.28	1,326.24
Other Purchased Services	1,600.00		1,600.00		1,600.00
General Supplies	1,400.00		1,400.00	1,046.00	354.00
<b>Total Resource Room/Resource Center</b>	<b>630,661.00</b>	<b>(88,945.66)</b>	<b>541,715.34</b>	<b>510,078.59</b>	<b>31,636.75</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Instruction-Special Education (Cont'd):					
Home Instruction:					
Salaries of Teachers	4,800.00	(2,000.00)	2,800.00	2,133.20	666.80
Total Home Instruction	4,800.00	(2,000.00)	2,800.00	2,133.20	666.80
Total Special Education	635,461.00	(90,945.66)	544,515.34	512,211.79	32,303.55
School Sponsored					
Co-Curricular Acitivites:					
Salaries	39,354.00	102.15	39,456.15	39,456.15	
Supplies	1,825.00	1,636.59	3,461.59	1,324.85	2,136.74
Other Objects	8,600.00	300.00	8,900.00	8,812.49	87.51
Total Co-Curricular Acitivites:	49,779.00	2,038.74	51,817.74	49,593.49	2,224.25
School Sponsored					
Athletic Acitivites:					
Salaries	19,900.00	2,000.00	21,900.00	21,390.44	509.56
Supplies	6,000.00	2,363.41	8,363.41	8,363.41	
Total Athletic Activities	25,900.00	4,363.41	30,263.41	29,753.85	509.56
Total Instruction	4,331,241.00	116,127.94	4,447,368.94	4,400,579.15	46,789.79
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State- Regular	3,691,584.00		3,691,584.00	3,691,584.00	
Tuition to Other LEAs Within the State- Speical	551,516.00	(19,405.00)	532,111.00	439,133.98	92,977.02
Tuition to Cty. Vocational Sch. Dist.- Regular	327,500.00	10,500.00	338,000.00	329,600.00	8,400.00
Tuition to Private Schools for the Disabled- Within State	465,294.00	(54,795.00)	410,499.00	385,451.88	25,047.12
Total Undistrib. Expend. - Instruction:	5,035,894.00	(63,700.00)	4,972,194.00	4,845,769.86	126,424.14

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Attendance & Social Services:					
Salaries	57,087.00	1,400.00	58,487.00	58,388.00	99.00
Total Attendance & Social Services:	57,087.00	1,400.00	58,487.00	58,388.00	99.00
Health Services:					
Salaries	123,574.00	4,018.66	127,592.66	127,376.66	216.00
Purchased Profess. and Tech. Serv.	6,800.00	1,148.50	7,948.50	7,948.50	
Supplies and Materials	3,350.00	273.00	3,623.00	3,110.78	512.22
Other Objects	100.00		100.00		100.00
Total Health Services:	133,824.00	5,440.16	139,264.16	138,435.94	828.22
Speech, OT, PT & Related Services:					
Salaries	91,665.00	(16,893.00)	74,772.00	74,670.20	101.80
Purchased Professional/Educational Services	99,834.00	22,201.58	122,035.58	106,590.72	15,444.86
Travel	1,150.00	1,000.00	2,150.00	1,720.00	430.00
Supplies and Materials	1,545.00		1,545.00	431.20	1,113.80
Total Speech, OT, PT & Related Services:	194,194.00	6,308.58	200,502.58	183,412.12	17,090.46
Other Support Services-Student Extra:					
Purchased Professional/Educational Services	89,960.00	(6,201.58)	83,758.42	72,532.00	11,226.42
Total Other Support Services- Student Extra:	89,960.00	(6,201.58)	83,758.42	72,532.00	11,226.42
Other Support Services-Guidance:					
Salaries of Other Professional Staff	56,008.00	500.00	56,508.00	56,496.40	11.60
Other Purchased Services	500.00		500.00	101.24	398.76
Supplies and Materials	475.00	100.00	575.00	510.72	64.28
Total Guidance:	56,983.00	600.00	57,583.00	57,108.36	474.64

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Other Support Services-Child Study Teams:					
Salaries of Other Professional Staff	166,595.00	(13,480.00)	153,115.00	152,802.60	312.40
Salaries of Secret. & Clerical Assts.	50,756.00	2,000.00	52,756.00	52,214.97	541.03
Purchased Professional/Educational Services		18,822.72	18,822.72	18,050.00	772.72
Other Purchased Prof./Tech. Services	6,300.00	1,876.42	8,176.42	8,176.42	
Misc. Purchased Services	16,720.00	1,280.86	18,000.86	3,225.00	14,775.86
Supplies and Materials	4,300.00	(1,000.00)	3,300.00	365.53	2,934.47
Other Objects	2,950.00		2,950.00	60.00	2,890.00
<b>Total Child Study Teams:</b>	<b>247,621.00</b>	<b>9,500.00</b>	<b>257,121.00</b>	<b>234,894.52</b>	<b>22,226.48</b>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	93,470.00	2,500.00	95,970.00	95,806.05	163.95
Other Salaries		1,000.00	1,000.00	738.00	262.00
Other Purchased Services	10,000.00	6,547.00	16,547.00	10,065.28	6,481.72
Supplies and Materials	3,000.00	(1,547.00)	1,453.00	793.46	659.54
Other Objects	1,500.00		1,500.00	1,445.00	55.00
<b>Total Improvement of Instructional Services:</b>	<b>107,970.00</b>	<b>8,500.00</b>	<b>116,470.00</b>	<b>108,847.79</b>	<b>7,622.21</b>
Educational Media Services/School Library:					
Salaries	116,818.00	(21,033.52)	95,784.48	95,784.48	
Salaries-Technology Coordinators		68,000.00	68,000.00	67,999.92	0.08
Other Purchased Services	153,855.00	(67,900.00)	85,955.00	67,565.50	18,389.50
Supplies and Materials	28,400.00	(2,000.00)	26,400.00	10,804.98	15,595.02
Other Objects	375.00	2,000.00	2,375.00		2,375.00
<b>Total Educational Media Services/School Library:</b>	<b>299,448.00</b>	<b>(20,933.52)</b>	<b>278,514.48</b>	<b>242,154.88</b>	<b>36,359.60</b>
Instructional Staff Training Services:					
Other Purchased Services	4,800.00		4,800.00	1,155.36	3,644.64
<b>Total Instructional Staff Training Services:</b>	<b>4,800.00</b>		<b>4,800.00</b>	<b>1,155.36</b>	<b>3,644.64</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

Exhibit - C-1  
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Support Services- General Administration:					
Salaries	99,478.00	7,133.91	106,611.91	106,611.91	
Legal Services	28,560.00	4,197.75	32,757.75	32,757.75	
Audit Fees	24,115.00	250.00	24,365.00	24,365.00	
Purchased Technical Services	6,000.00		6,000.00	6,000.00	
Communications/Telephone	71,420.00	4,269.81	75,689.81	70,254.99	5,434.82
BOE Other Purchased Services	700.00		700.00	243.10	456.90
Misc. Purchased Services	14,000.00	1,768.10	15,768.10	15,404.66	363.44
General Supplies	6,400.00	1,929.81	8,329.81	8,329.81	
Misc. Expenditures	12,600.00	(493.36)	12,106.64	3,423.14	8,683.50
BOE Membership Dues & Fees	8,000.00	2,154.00	10,154.00	10,154.00	
<b>Total Support Servi. - General Administration:</b>	<b>271,273.00</b>	<b>21,210.02</b>	<b>292,483.02</b>	<b>277,544.36</b>	<b>14,938.66</b>
Support Services- School Administration:					
Salaries of Principals/Asst. Principals	208,935.00	14,927.00	223,862.00	221,324.49	2,537.51
Salaries of Secretarial and Clerical Assistants	139,212.00	6,194.96	145,406.96	136,930.93	8,476.03
Other Purchased Services	6,310.00	5,000.00	11,310.00	6,309.62	5,000.38
Supplies and Materials	9,950.00	4,695.97	14,645.97	11,898.47	2,747.50
Other Objects	2,150.00		2,150.00	2,110.00	40.00
<b>Total Support Serv. - School Administration:</b>	<b>366,557.00</b>	<b>30,817.93</b>	<b>397,374.93</b>	<b>378,573.51</b>	<b>18,801.42</b>
Central Services:					
Salaries	199,951.00	320.47	200,271.47	199,911.55	359.92
Purchased Technical Services	1,700.00		1,700.00	1,374.99	325.01
Misc. Purchased Services	1,800.00	(600.00)	1,200.00	294.05	905.95
Supplies and Materials	2,000.00	600.00	2,600.00	2,503.13	96.87
Misc. Expenditures	350.00		350.00	175.00	175.00
<b>Total Central Services:</b>	<b>205,801.00</b>	<b>320.47</b>	<b>206,121.47</b>	<b>204,258.72</b>	<b>1,862.75</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd):					
Required Maint. For School Facilities:					
Salaries	84,128.00	2,500.00	86,628.00	86,473.74	154.26
Cleaning, Repair, and Maintenance services	123,400.00	29,903.76	153,303.76	137,898.84	15,404.92
General Supplies	16,000.00	96.24	16,096.24	16,020.14	76.10
<b>Total Required Maint. For School Facilities:</b>	<b>223,528.00</b>	<b>32,500.00</b>	<b>256,028.00</b>	<b>240,392.72</b>	<b>15,635.28</b>
Custodial Services:					
Salaries	276,835.00	36,000.00	312,835.00	307,099.33	5,735.67
Purchased Profess. And Tech. Svcs.	7,500.00		7,500.00	7,009.00	491.00
Cleaning, Repair, and Maintenance Services	12,000.00		12,000.00	11,121.61	878.39
Other Purchased Property Svcs.	14,300.00	2,028.70	16,328.70	15,340.37	988.33
Insurance	49,287.00	3,642.60	52,929.60	52,929.60	
General Supplies	39,575.00		39,575.00	37,966.77	1,608.23
Energy (Electricity)	226,000.00	(13,000.00)	213,000.00	193,327.19	19,672.81
Energy (Natural Gas)	88,000.00	12,089.10	100,089.10	95,509.11	4,579.99
Other Objects	650.00		650.00	250.00	400.00
<b>Total Custodial Services:</b>	<b>714,147.00</b>	<b>40,760.40</b>	<b>754,907.40</b>	<b>720,552.98</b>	<b>34,354.42</b>
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000.00	(2,000.00)	23,000.00	19,289.63	3,710.37
<b>Total Care &amp; Upkeep of Grounds</b>	<b>25,000.00</b>	<b>(2,000.00)</b>	<b>23,000.00</b>	<b>19,289.63</b>	<b>3,710.37</b>
Student Transportation Services:					
Contracted Services (Between Home & School) - Vendors	223,000.00	6,677.70	229,677.70	223,570.15	6,107.55
Contracted Services (Other Than Between Home & School) - Vendors	35,000.00	166.65	35,166.65	14,052.77	21,113.88
Contracted Services (Special Ed. Students) - Vendors	338,300.00	40,948.12	379,248.12	340,647.85	38,600.27
Contracted Services - Aid in Lieu of Payments	84,000.00	(2,760.40)	81,239.60	81,239.60	
<b>Total Student Transportation Services:</b>	<b>680,300.00</b>	<b>45,032.07</b>	<b>725,332.07</b>	<b>659,510.37</b>	<b>65,821.70</b>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Unallocated Employee Benefits:					
Social Security Contributions	141,000.00	(7,599.80)	133,400.20	111,796.94	21,603.26
Other Retirement Contribs. - PERS	125,000.00	(1,000.00)	124,000.00	95,944.47	28,055.53
Unemployment Compensation	95,000.00	(82,382.47)	12,617.53		12,617.53
Workmen's Compensation	72,516.00	9,290.00	81,806.00	81,806.00	
Health Benefits	1,546,000.00	(71,000.00)	1,475,000.00	1,322,456.73	152,543.27
Tuition Reimbursements	37,500.00	(18,670.00)	18,830.00	18,830.00	
Other Employee Benefits	38,000.00	(33,000.00)	5,000.00	3,489.91	1,510.09
Total Unallocated Employee Benefits:	<u>2,055,016.00</u>	<u>(204,362.27)</u>	<u>1,850,653.73</u>	<u>1,634,324.05</u>	<u>216,329.68</u>
On-behalf TPAF Post-Retirement Medical Contrib. (non-budgeted)				286,022.00	(286,022.00)
On-behalf TPAF Pension Payments (non-budgeted)				174,443.00	(174,443.00)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				335,759.78	(335,759.78)
Total Undistributed Expenditures	10,769,403.00	(94,807.74)	10,674,595.26	10,873,369.95	(198,774.69)
Total Expenditures - Current Expense	15,100,644.00	21,320.20	15,121,964.20	15,273,949.10	(151,984.90)
CAPITAL OUTLAY:					
Equipment:					
Undistrib. Maintenance Services		2,899.80	2,899.80	2,899.00	0.80
Total Equipment		<u>2,899.80</u>	<u>2,899.80</u>	<u>2,899.00</u>	<u>0.80</u>
Facilities Acquisition and Construction:					
Debt Service Assessment-SDA Funding	15,689.00	5,780.00	21,469.00	21,469.00	
Total Facil. Acquis./Const. Svcs.:	<u>15,689.00</u>	<u>5,780.00</u>	<u>21,469.00</u>	<u>21,469.00</u>	
Total Capital Outlay:	<u>15,689.00</u>	<u>8,679.80</u>	<u>24,368.80</u>	<u>24,368.00</u>	<u>0.80</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Total Expenditures	15,116,333.00	30,000.00	15,146,333.00	15,298,317.10	(151,984.10)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,395.00)	(30,000.00)	(161,395.00)	478,235.30	639,630.30
Other Financing Sources (Uses)					
Operating Transfers In (Out)					
Capital Reserve - Transfer to Capital Projects		(54,500.00)	(54,500.00)	(54,500.00)	
Capital Reserve - Transfer to Debt Service	(100,000.00)		(100,000.00)	(100,000.00)	
Total Other Financing Sources (Uses)	(100,000.00)	(54,500.00)	(154,500.00)	(154,500.00)	
Net Change in Fund Balance	(231,395.00)	(84,500.00)	(315,895.00)	323,735.30	639,630.30
Fund Balances, July 1	1,213,206.53		1,213,206.53	1,213,206.53	
Fund Balances, June 30	981,811.53	(84,500.00)	897,311.53	1,536,941.83	639,630.30
Recapitulation:					
Restricted:					
Reserved Excess Surplus-Designated for Subsequent Year Expenditures				197,127.46	
Reserved Excess Surplus				182,674.41	
Capital Reserve				679,500.00	
Capital Reserve-Designated for Subsequent Year Expenditures				100,000.00	
Maintenance Reserve-Designated for Subsequent Year Expenditures				35,333.00	
Assigned:					
Year-End Encumbrances				16,103.57	
Designated for Subsequent Year Expenditures				13,333.54	
Unrestricted/Unassigned				312,869.85	
				1,536,941.83	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not recognized on GAAP basis				192,706.00	
Fund Balance per Governmental Funds (GAAP)				1,344,235.83	

MOUNTAINSIDE SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
<b>REVENUES:</b>					
Local Sources					
Revenues from Local Sources		\$ 107,588.45	\$ 107,588.45	\$ 88,911.26	\$ (18,677.19)
Total Local Revenues	-	107,588.45	107,588.45	88,911.26	(18,677.19)
Federal Sources					
Title II	\$ 9,374.00	\$ 1,323.00	\$ 10,697.00	\$ 10,697.00	\$ -
IDEA Part B	155,000.00	25,868.00	180,868.00	180,868.00	-
IDEA Preschool	9,500.00	(1,633.00)	7,867.00	7,867.00	-
Total Federal Revenues	173,874.00	25,558.00	199,432.00	199,432.00	-
Total Revenues	173,874.00	133,146.45	307,020.45	288,343.26	(18,677.19)
<b>EXPENDITURES:</b>					
Support Services					
Purch. Prof. - Educ. Services			-		-
Other Purch. Prof. Services	9,374.00	1,323.00	10,697.00	10,697.00	-
Purch. Technical Services	9,500.00	(1,633.00)	7,867.00	7,867.00	-
Tuition	155,000.00	23,000.00	178,000.00	178,000.00	-
Supplies & Materials		2,868.00	2,868.00	2,868.00	-
Other Objects		107,588.45	107,588.45	88,911.26	18,677.19
Total Support Services	173,874.00	133,146.45	307,020.45	288,343.26	18,677.19
Total Expenditures	173,874.00	133,146.45	307,020.45	288,343.26	18,677.19
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION**

MOUNTAINSIDE SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
FOR THE YEAR ENDED JUNE 30, 2014

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

		General Fund			Special Revenue Fund
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$15,776,552.40	(C-2)		288,343.26
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized (Net)		0.00			(67.81)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)		<u>19,118.80</u>			<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	<u>15,795,671.20</u>	(B-2)		<u>288,275.45</u>
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	15,298,317.10	(C-2)		288,343.26
Difference - budget to GAAP:					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>0.00</u>			<u>(67.81)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u>\$15,298,317.10</u>	(B-2)		<u>288,275.45</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**SECTION – D**

**SPECIAL REVENUE FUND**

**SECTION – E**

MOUNTAINSIDE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit - E-1a

	<u>TOTALS</u>	<u>I.D.E.A.</u>	<u>I.D.E.A.</u>	<u>TITLE II</u>	<u>TOTALS</u>
	<u>BROUGHT</u>	<u>PART B</u>	<u>PART B</u>	<u>PART A</u>	<u>TOTALS</u>
	<u>FORWARD</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2012-2013</u>
<u>REVENUES</u>					
Local Sources	\$ 88,911.26				\$ 88,911.26
Federal Sources		180,868.00	7,867.00	10,697.00	199,432.00
Total Revenues	<u>88,911.26</u>	<u>180,868.00</u>	<u>7,867.00</u>	<u>10,697.00</u>	<u>288,343.26</u>
<u>EXPENDITURES</u>					
Support Services:					
Purch. Prof. - Educ. Services				10,697.00	10,697.00
Other Purch. Prof. Services					7,867.00
Purch. Technical Services			7,867.00		178,000.00
Tuition		178,000.00			2,868.00
Supplies and Materials		2,868.00			88,911.26
Other Objects	<u>88,911.26</u>				<u>88,911.26</u>
Total Support Services	<u>88,911.26</u>	<u>180,868.00</u>	<u>7,867.00</u>	<u>10,697.00</u>	<u>288,343.26</u>
Total Expenditures	<u>\$ 88,911.26</u>	<u>\$ 180,868.00</u>	<u>\$ 7,867.00</u>	<u>\$ 10,697.00</u>	<u>\$ 288,343.26</u>

MOUNTAINSIDE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit - E-1b

	<u>OTHER LOCAL TECH GRANTS</u>	<u>MOUNTAINSIDE EDUCATION FUND</u>	<u>PTA TECH GRANT</u>	<u>WATTS TECH GRANT</u>	<u>ELKS TECH GRANT</u>	<u>KINDER MORGAN TECH GRANT</u>	<u>TOTALS CARRIED FORWARD</u>
<u>REVENUES</u>							
Local Sources	\$ 11,433.78	\$ 5,166.82	\$ 37,837.66	\$ 27,473.00	\$ 2,000.00	\$ 5,000.00	\$ 88,911.26
Total Revenues	<u>11,433.78</u>	<u>5,166.82</u>	<u>37,837.66</u>	<u>27,473.00</u>	<u>2,000.00</u>	<u>5,000.00</u>	<u>88,911.26</u>
<u>EXPENDITURES</u>							
Support Services: Other Objects	<u>11,433.78</u>	<u>5,166.82</u>	<u>37,837.66</u>	<u>27,473.00</u>	<u>2,000.00</u>	<u>5,000.00</u>	<u>88,911.26</u>
Total Support Services	<u>11,433.78</u>	<u>5,166.82</u>	<u>37,837.66</u>	<u>27,473.00</u>	<u>2,000.00</u>	<u>5,000.00</u>	<u>88,911.26</u>
Total Expenditures	<u>\$ 11,433.78</u>	<u>\$ 5,166.82</u>	<u>\$ 37,837.66</u>	<u>\$ 27,473.00</u>	<u>\$ 2,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 88,911.26</u>

**CAPITAL PROJECTS FUND**

**SECTION – F**

MOUNTAINSIDE SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2014

Exhibit - F-1

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Preliminary Pre-Referendum Costs for Improvements to District Schools	\$ 54,500.00	\$ -	\$ 38,717.80	\$ 15,782.20
2014 School Facilities Project	<u>19,484,000.00</u>	<u>-</u>	<u>-</u>	<u>19,484,000.00</u>
	<u>\$ 19,538,500.00</u>	<u>\$ -</u>	<u>\$ 38,717.80</u>	<u>\$ 19,499,782.20</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

Expenditures	
Other Administrative Services	\$ <u>38,717.80</u>
Total expenditures	<u>38,717.80</u>
Other Financing Sources:	
Transfers from Capital Reserve	<u>54,500.00</u>
Total Financing Sources	<u>54,500.00</u>
Excess (deficiency) of Financing Sources over (under) Financing Uses	<u>15,782.20</u>
Net Change in Fund Balances	15,782.20
Fund balance - beginning	<u>-</u>
Fund balance - ending	<u>\$ <u>15,782.20</u></u>

MOUNTAINSIDE SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
 PRELIMINARY PRE-REFERENDUM COSTS-IMPROVEMENTS TO DISTRICT SCHOOLS  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	\$ _____	\$ 54,500.00	\$ 54,500.00	\$ 54,500.00
Total revenues	<u>          -</u>	<u>54,500.00</u>	<u>54,500.00</u>	<u>54,500.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services		25,050.83	25,050.83	34,500.00
Other Administrative Services		13,666.97	13,666.97	20,000.00
Land and Improvements			-	-
Construction services*		<u>          -</u>	<u>          -</u>	
Total expenditures	<u>          -</u>	<u>38,717.80</u>	<u>38,717.80</u>	<u>54,500.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 15,782.20</u>	<u>\$ 15,782.20</u>	<u>\$ -</u>

Additional project information:

Project Number	See Below
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$54,500
Additional Authorized Cost	N/A
Revised Authorized Cost	\$54,500

Percentage Increase over Original Authorized Cost	N/A
Percentage completion	71%
Original target completion date	March, 2014
Revised target completions date	N/A

**PROPRIETARY FUNDS**

**SECTION – G**

**ENTERPRISE FUND**

MOUNTAINSIDE SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	TOTAL
<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents	\$ 25,710.93	\$ 25,710.93
Accounts Receivable (Net)	2,648.86	2,648.86
Inventory	3,585.54	3,585.54
Total Current Assets	31,945.33	31,945.33
Noncurrent Assets:		
Furniture, Machinery & Equipment	136,297.97	136,297.97
Less Accumulated Depreciation	(107,841.06)	(107,841.06)
Total Noncurrent Assets	28,456.91	28,456.91
Total Assets	60,402.24	60,402.24
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	7,813.99	7,813.99
Unearned Revenue	4,585.99	4,585.99
Interfunds payable	8,266.62	8,266.62
Total Current Liabilities	20,666.60	20,666.60
<u>NET POSITION</u>		
Invested in Capital Assets Net of Related Debt	28,456.91	28,456.91
Unrestricted (Deficit)	11,278.73	11,278.73
Total Net Position	\$ 39,735.64	\$ 39,735.64

MOUNTAINSIDE SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE</u>	<u>TOTAL ENTERPRISE FUND</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Non-reimbursable Programs	\$ 137,334.22	\$ 137,334.22
Total Operating Revenues	<u>137,334.22</u>	<u>137,334.22</u>
Operating Expenses:		
Cost of Sales	90,743.07	90,743.07
Salaries	52,112.57	52,112.57
Employee benefits	7,898.33	7,898.33
Administrative Expenses	5,948.68	5,948.68
Miscellaneous Expenses	222.00	222.00
Transportation	1,142.10	1,142.10
Management Fee	8,038.40	8,038.40
Depreciation	7,257.06	7,257.06
Total Operating Expenses	<u>173,362.21</u>	<u>173,362.21</u>
Operating Income (Loss)	<u>(36,027.99)</u>	<u>(36,027.99)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,570.93	1,570.93
Federal Sources:		
USDA Commodities	12,598.99	12,598.99
National School Lunch Program	16,081.48	16,081.48
Interest and Investment Revenue	42.97	42.97
Total Nonoperating Revenues (Expenses)	<u>30,294.37</u>	<u>30,294.37</u>
Income (Loss) Before Transfers	(5,733.62)	(5,733.62)
Change in Net Position	(5,733.62)	(5,733.62)
Total Net Position—Beginning	<u>45,469.26</u>	<u>45,469.26</u>
Total Net Position—Ending	<u>\$ 39,735.64</u>	<u>\$ 39,735.64</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE	TOTAL ENTERPRISE FUND
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 139,945.97	\$ 139,945.97
Payments to Suppliers	(143,222.17)	(143,222.17)
Net Cash Provided by (Used for) Operating Activities	(3,276.20)	(3,276.20)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Federal and State Sources	17,470.51	17,470.51
Net Cash Provided by (Used for) Non-capital Financing Activities	17,470.51	17,470.51
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchases of Capital Assets	(5,845.29)	(5,845.29)
Net cash provided by (used for) capital and related financing activities	(5,845.29)	(5,845.29)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and dividends	42.97	42.97
Net cash provided by (used for) investing activities	42.97	42.97
Net Increase (Decrease) in Cash and Cash Equivalents	8,391.99	8,391.99
Balances—Beginning of Year	17,318.94	17,318.94
Balances—End of Year	\$ 25,710.93	\$ 25,710.93
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (36,027.99)	(36,027.99)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation and Net Amortization	7,257.06	7,257.06
USDA Commodities	12,598.99	12,598.99
(Increase) Decrease in Accounts Receivable	274.71	274.71
(Increase) Decrease in Inventory	2,470.00	2,470.00
Increase (Decrease) in Prepaid Revenue	2,337.04	2,337.04
Increase (Decrease) in Accounts Payable	7,813.99	7,813.99
Total Adjustments	32,751.79	32,751.79
Net Cash Provided by (Used for) Operating Activities	\$ (3,276.20)	(3,276.20)

**INTERNAL SERVICE FUND**

**FIDUCIARY FUNDS**

**SECTION - H**

MOUNTAINSIDE SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014

	Nonexpendable Trust Fund		AGENCY			Expendable Trust Fund			TOTALS
	Rosenstiehl Scholarship Fund	Student Activity	Payroll Agency	Net Payroll	De Rosa Scholarship Fund	Rothstock Scholarship Fund	Unemployment Compensation Insurance Trust Fund		
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 90,072.76	\$ 57,284.63	\$ 26,880.71	\$ 59,907.41	\$ 6,175.93	23,727.79	\$ 86,876.87	\$ 350,926.10	
Interfund Accounts Receivable	400.00		955.73		725.00			2,080.73	
Total Assets	<u>\$ 90,472.76</u>	<u>\$ 57,284.63</u>	<u>\$ 27,836.44</u>	<u>\$ 59,907.41</u>	<u>\$ 6,900.93</u>	<u>23,727.79</u>	<u>\$ 86,876.87</u>	<u>\$ 353,006.83</u>	
<u>LIABILITIES</u>									
Liabilities:									
Interfund Accounts Payable	\$	\$	\$ 21,713.65	\$ 36,107.78	\$	225.00	\$	\$ 58,046.43	
Unidentified Deposits			3,656.67	23,799.63				27,456.30	
Unemployment Benefits Payable			2,466.12					2,466.12	
Payroll Deductions and Withholdings Due to Student Groups		57,284.63						57,284.63	
Total Liabilities		<u>57,284.63</u>	<u>27,836.44</u>	<u>59,907.41</u>		<u>225.00</u>		<u>145,253.48</u>	
<u>NET POSITION</u>									
Net Position Restricted for:									
Unemployment Compensation Insurance							86,876.87	86,876.87	
Principal Portion - Nonexpandable Trust	90,472.76							90,472.76	
Unrestricted					6,900.93	23,502.79		30,403.72	
Total Net Position	<u>90,472.76</u>				<u>6,900.93</u>	<u>23,502.79</u>	<u>86,876.87</u>	<u>207,753.35</u>	

MOUNTAINSIDE SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expendable Trust Fund</u>			<u>Nonexpendable Trust Fund</u>	<u>Totals</u>
	<u>De Rosa Scholarship Fund</u>	<u>Rothstock Scholarship Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Rosenstiehl Scholarship Fund</u>	
<b>ADDITIONS:</b>					
Deductions from Employees' Salaries	\$		\$ 10,081.63	\$	\$ 10,081.63
Interest	3.89	13.72	75.64	51.64	144.89
Contributions	400.00				400.00
<b>Total Additions</b>	<u>403.89</u>	<u>13.72</u>	<u>10,157.27</u>	<u>51.64</u>	<u>10,626.52</u>
<b>DEDUCTIONS:</b>					
Unemployment Benefits			33,297.19		33,297.19
Scholarship Payments	1,700.00	525.00		2,000.00	4,225.00
<b>Total Deductions</b>	<u>1,700.00</u>	<u>525.00</u>	<u>33,297.19</u>	<u>2,000.00</u>	<u>37,522.19</u>
<b>Change in Net Position</b>	<u>(1,296.11)</u>	<u>(511.28)</u>	<u>(23,139.92)</u>	<u>(1,948.36)</u>	<u>(26,895.67)</u>
<b>Net Position - Beginning</b>	<u>8,197.04</u>	<u>24,014.07</u>	<u>110,016.79</u>	<u>92,421.12</u>	<u>234,649.02</u>
<b>Net Position - Ending</b>	<u>\$ 6,900.93</u>	<u>\$ 23,502.79</u>	<u>\$ 86,876.87</u>	<u>\$ 90,472.76</u>	<u>\$ 207,753.35</u>

MOUNTAINSIDE SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 STUDENT ACTIVITY AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BALANCE</u> <u>JUNE 30,</u> <u>2013</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30,</u> <u>2014</u>
<u>Student Activity Funds:</u>				
Deerfield School	\$ 36,489.13	\$ 8,042.89	\$ 5,962.65	\$ 38,569.37
Beechwood School	8,630.30	3,073.81	833.32	10,870.79
Student Council Fund	5,400.96	7,987.43	7,388.09	6,000.30
Athletic Fund	<u>2,096.35</u>	<u>7,599.35</u>	<u>7,851.53</u>	<u>1,844.17</u>
 Total Student Activity Funds	 <u>\$ 52,616.74</u>	 <u>\$ 26,703.48</u>	 <u>\$ 22,035.59</u>	 <u>\$ 57,284.63</u>



BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 NET PAYROLL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>BALANCE</u> JUNE 30, 2013	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> JUNE 30, 2014
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 39,596.98	\$ 3,871,844.49	\$ 3,851,534.06	\$ 59,907.41
Total Assets	<u>\$ 39,596.98</u>	<u>\$ 3,871,844.49</u>	<u>\$ 3,851,534.06</u>	<u>\$ 59,907.41</u>
<u>LIABILITIES</u>				
Accrued Salaries and Benefits	\$	\$ 3,851,534.06	\$ 3,851,534.06	\$ -
Unidentified Receipts	3,573.15	20,226.48		23,799.63
Interfund Accounts Payable	<u>36,023.83</u>	<u>83.95</u>		<u>36,107.78</u>
Total Liabilities	<u>\$ 39,596.98</u>	<u>\$ 3,871,844.49</u>	<u>\$ 3,851,534.06</u>	<u>\$ 59,907.41</u>

**LONG-TERM DEBT**

**SECTION - I**

MOUNTAINSIDE SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
JUNE 30, 2014

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE</u>	<u>ISSUED</u>	<u>REDEEMED</u>	<u>BALANCE</u>
			<u>DATE</u>	<u>AMOUNT</u>		<u>JUNE 30, 2013</u>			<u>JUNE 30, 2014</u>
Refunding School Bonds	2/24/2011	\$ 3,130,000	7/15/14	\$ 260,000	4.000%	\$	\$	\$	\$
			7/15/15	270,000	4.000%				
			7/15/16	280,000	4.000%				
			7/15/17	295,000	4.500%				
			7/15/18	305,000	4.500%				
			7/15/19	305,000	4.750%				
			7/15/20	305,000	4.750%				
			7/15/21	300,000	4.875%				
			7/15/22	300,000	4.000%				
						<u>2,870,000.00</u>	<u>250,000.00</u>	<u>2,620,000.00</u>	
						<u>\$ 2,870,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 2,620,000.00</u>	

MOUNTAINSIDE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 LONG-TERM DEBT  
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 270,000.00	\$ -	\$ 270,000.00	\$ 270,000.00	\$ -
Total Local Sources:	\$ 270,000.00	\$ -	\$ 270,000.00	\$ 270,000.00	\$ -
Total Revenues	\$ 270,000.00	\$ -	\$ 270,000.00	\$ 270,000.00	\$ -
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	250,000.00	-	250,000.00	250,000.00	-
Bond Interest	120,000.00	-	120,000.00	120,000.00	-
Total Regular Debt Service	370,000.00	-	370,000.00	370,000.00	-
Total expenditures	370,000.00	-	370,000.00	370,000.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (100,000.00)	\$ -	\$ (100,000.00)	\$ (100,000.00)	\$ -
Other Financing Sources:					
Operating Transfers In:					
Withdrawal from Capital Reserve Fund	100,000.00	-	100,000.00	100,000.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

**STATISTICAL SECTION**

**SECTION – J**

## Financial Trends

**MOUNTAINSIDE SCHOOL DISTRICT**  
**Net Position by Component,**  
**Last Ten Fiscal Years (Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 5,503,604	\$ 5,528,540	\$ 5,382,227	\$ 5,497,009	\$ 5,480,718	\$ 5,456,373	\$ 5,609,758	\$ 5,628,117	\$ 5,627,576	\$ 5,639,355
Restricted	2,709,065	2,077,225	1,900,264	2,855,403	2,474,061	1,572,629	519,692	396,728	893,855	1,239,854
Unrestricted	196,578	259,863	268,487	532,909	402,574	1,816	12,787	(144,167)	(165,770)	(368,715)
<b>Total governmental activities net position</b>	<b>\$ 8,409,247</b>	<b>\$ 7,865,629</b>	<b>\$ 7,550,978</b>	<b>\$ 8,885,321</b>	<b>\$ 8,357,353</b>	<b>\$ 7,030,818</b>	<b>\$ 6,142,237</b>	<b>\$ 5,880,677</b>	<b>\$ 6,355,661</b>	<b>\$ 6,510,493</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 61,030	\$ 54,142	\$ 47,254	\$ 92,390	\$ 82,643	\$ 72,896	\$ 42,045	\$ 35,957	\$ 29,869	\$ 28,457
Unrestricted	102,552	96,297	123,244	90,402	77,732	31,320	(5,558)	5,030	15,601	11,279
<b>Total business-type activities net position</b>	<b>\$ 163,582</b>	<b>\$ 150,439</b>	<b>\$ 170,498</b>	<b>\$ 182,792</b>	<b>\$ 160,375</b>	<b>\$ 104,216</b>	<b>\$ 36,486</b>	<b>\$ 40,986</b>	<b>\$ 45,469</b>	<b>\$ 39,736</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 5,564,634	\$ 5,582,682	\$ 5,429,481	\$ 5,589,398	\$ 5,563,361	\$ 5,529,269	\$ 5,651,803	\$ 5,664,073	\$ 5,657,445	\$ 5,667,811
Restricted	2,709,065	2,077,225	1,900,264	2,855,403	2,474,061	1,572,629	519,692	396,728	893,855	1,239,854
Unrestricted	299,130	356,160	391,731	623,311	480,306	33,137	7,228	(139,138)	(150,169)	(357,437)
<b>Total district net position</b>	<b>\$ 8,572,829</b>	<b>\$ 8,016,068</b>	<b>\$ 7,721,476</b>	<b>\$ 9,068,113</b>	<b>\$ 8,517,728</b>	<b>\$ 7,135,035</b>	<b>\$ 6,178,723</b>	<b>\$ 5,921,663</b>	<b>\$ 6,401,131</b>	<b>\$ 6,550,229</b>

**MOUNTAINSIDE SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 3,309,315	\$ 3,642,921	\$ 4,434,665	\$ 4,295,657	\$ 4,540,992	\$ 4,229,033	\$ 4,053,455	\$ 3,311,479	\$ 3,537,966	\$ 4,176,466
Special Education	349,409	413,415	429,410	530,876	522,949	810,510	642,988	967,187	631,127	512,212
Other Special Education	125									
Other Instruction	69,094	81,945	88,320	83,608	89,320	87,513	102,327	74,449	70,964	79,347
Support Services:										
Tuition	3,425,192	3,494,600	3,270,331	4,025,221	3,931,275	3,855,537	4,537,729	4,944,041	4,984,772	4,957,770
Student & Instruction Related Services	926,041	1,125,249	1,237,552	1,292,567	1,326,273	1,290,595	1,069,526	1,184,853	1,272,564	1,207,204
School Administrative services	278,675	343,215	323,950	311,063	335,453	339,546	340,014	355,150	369,922	378,574
General Administration	520,436	547,924	615,563	527,796	576,507	561,966	587,425	582,065	563,869	539,811
Plant Operations and Maintenance	904,887	848,207	762,030	809,048	840,540	875,569	887,937	860,599	901,193	993,435
Pupil Transportation	482,723	561,255	644,995	580,827	635,909	649,650	542,010	614,513	665,779	659,510
Unallocated Benefits	1,773,813	2,060,409	2,545,576	2,612,653	2,173,068	2,389,335	2,474,291	2,409,345	2,558,853	2,430,549
Special Schools	23,306	23,850	34,041	42,727	40,232	42,059	8,670	-	-	-
Interest on long-term debt	220,562	212,533	204,409	195,867	186,887	177,457	150,323	107,828	132,805	150,620
Unallocated depreciation	120,084	120,084	120,084	101,686	94,993	94,993	96,772	66,317	61,302	69,655
Total governmental activities expenses	<u>12,403,660</u>	<u>13,475,606</u>	<u>14,710,924</u>	<u>15,409,597</u>	<u>15,294,399</u>	<u>15,403,764</u>	<u>15,493,468</u>	<u>15,477,827</u>	<u>15,751,117</u>	<u>16,155,153</u>
Business-type activities:										
Food service	150,285	157,174	172,779	166,947	156,404	144,074	143,762	168,787	168,524	173,362
Child Care	150,504	158,843	176,952	175,512	184,934	159,072	112,262	-	-	-
Total business-type activities expense	<u>300,789</u>	<u>316,017</u>	<u>349,730</u>	<u>342,459</u>	<u>341,338</u>	<u>303,146</u>	<u>256,024</u>	<u>168,787</u>	<u>168,524</u>	<u>173,362</u>
Total district expenses	<u>\$ 12,704,449</u>	<u>\$ 13,791,623</u>	<u>\$ 15,060,655</u>	<u>\$ 15,752,056</u>	<u>\$ 15,635,737</u>	<u>\$ 15,706,910</u>	<u>\$ 15,749,493</u>	<u>\$ 15,646,613</u>	<u>\$ 15,919,640</u>	<u>\$ 16,328,515</u>

**MOUNTAINSIDE SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues</b>										
Governmental activities:										
Regular	164,395	42,749	158,343	169,989	175,162		290,009			
Special Education							309,399	652,024	544,064	534,295
Tuition		171,624	-	-	-	276,739			182,196	178,000
Student & Instructional Related Services	27,063	17,514	2,355	13,758	13,662	12,629	13,743	14,704	81,377	110,275
Pupil Transportation	3,256						42,974	-	79,053	102,196
Unallocated benefits	558,072	669,291	986,855	1,044,207	742,651	722,896	695,521	818,441	945,138	796,225
Plant Operations and Maintenance							7,804	-	-	17,338
Total governmental activities program revenues	<u>752,786</u>	<u>901,179</u>	<u>1,147,554</u>	<u>1,227,955</u>	<u>931,475</u>	<u>1,012,264</u>	<u>1,359,450</u>	<u>1,485,169</u>	<u>1,831,828</u>	<u>1,738,329</u>
Business-type activities:										
Charges for services										
Food service	151,969	139,385	149,449	150,838	142,697	126,878	119,081	147,652	142,851	137,334
Child care	156,675	152,060	202,154	185,817	162,913	115,635	131,481	-	-	-
Operating grants and contributions	3,306	4,058	4,290	6,639	11,813	4,435	11,410	25,621	30,132	30,251
Total business type activities program revenues	<u>311,950</u>	<u>295,503</u>	<u>355,893</u>	<u>343,295</u>	<u>317,423</u>	<u>246,949</u>	<u>261,971</u>	<u>173,273</u>	<u>172,982</u>	<u>167,586</u>
Total district program revenues	<u>\$ 1,064,736</u>	<u>\$ 1,196,681</u>	<u>\$ 1,503,447</u>	<u>\$ 1,571,250</u>	<u>\$ 1,248,898</u>	<u>\$ 1,259,213</u>	<u>\$ 1,621,421</u>	<u>\$ 1,658,442</u>	<u>\$ 2,004,810</u>	<u>\$ 1,905,915</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (11,650,874)	\$ (12,574,427)	\$ (13,563,371)	\$ (14,181,642)	\$ (14,362,924)	\$ (14,391,500)	\$ (14,134,018)	\$ (13,992,658)	\$ (13,919,289)	\$ (14,416,824)
Business-type activities	11,161	(20,514)	6,163	836	(23,915)	(56,198)	5,947	4,487	4,458	(5,777)
Total district-wide net expense	<u>\$ (11,639,713)</u>	<u>\$ (12,594,942)</u>	<u>\$ (13,557,207)</u>	<u>\$ (14,180,806)</u>	<u>\$ (14,386,839)</u>	<u>\$ (14,447,698)</u>	<u>\$ (14,128,071)</u>	<u>\$ (13,988,171)</u>	<u>\$ (13,914,831)</u>	<u>\$ (14,422,600)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,276,158	\$ 9,704,615	\$ 10,884,860	\$ 11,694,735	\$ 12,162,524	\$ 12,600,375	\$ 13,104,390	\$ 13,433,645	\$ 13,937,074	\$ 14,215,815
Taxes levied for debt service	387,219	389,673	391,573	-	-	-	-	100,767	268,600	270,000
Federal and State Aid not Restricted	634,902	677,274	718,556	762,866	926,713	509,765	-	-	-	5,771
Regional District Dissolution Payments	1,302,857	1,149,850	1,149,850	2,909,491	660,149	-	-	-	-	-
Investment Earnings	4,635	103,460	104,110	93,513	29,944	2,496	-	-	-	-
Transfer							73,677	-	-	-
Miscellaneous income	81,715	5,937	60,286	55,379	55,627	37,769	67,370	196,686	188,600	124,032
Special Items						(85,440)				
Total governmental activities	<u>12,687,485</u>	<u>12,030,809</u>	<u>13,309,235</u>	<u>15,515,985</u>	<u>13,834,957</u>	<u>13,064,965</u>	<u>13,245,436</u>	<u>13,731,098</u>	<u>14,394,274</u>	<u>14,615,618</u>
Business-type activities:										
Investment Earnings	2,439	7,371	13,896	11,458	1,498	40		13	25	43
Transfers							(73,677)	-	-	-
Total business-type activities	<u>2,439</u>	<u>7,371</u>	<u>13,896</u>	<u>11,458</u>	<u>1,498</u>	<u>40</u>	<u>(73,677)</u>	<u>13</u>	<u>25</u>	<u>43</u>
Total district-wide	<u>\$ 12,689,925</u>	<u>\$ 12,038,180</u>	<u>\$ 13,323,131</u>	<u>\$ 15,527,443</u>	<u>\$ 13,836,454</u>	<u>\$ 13,065,005</u>	<u>\$ 13,171,760</u>	<u>\$ 13,731,111</u>	<u>\$ 14,394,298</u>	<u>\$ 14,615,661</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,036,611	\$ (543,618)	\$ (254,136)	\$ 1,334,343	\$ (527,968)	\$ (1,326,535)	\$ (888,582)	\$ (261,560)	\$ 474,985	\$ 198,794
Business-type activities	13,601	(13,143)	20,060	12,294	(22,417)	(56,158)	(67,730)	4,500	4,483	(5,734)
Total district	<u>\$ 1,050,212</u>	<u>\$ (556,762)</u>	<u>\$ (234,076)</u>	<u>\$ 1,346,636</u>	<u>\$ (550,385)</u>	<u>\$ (1,382,693)</u>	<u>\$ (956,312)</u>	<u>\$ (257,060)</u>	<u>\$ 479,468</u>	<u>\$ 193,060</u>



**Mountainside School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Tax levy	\$ 10,663,377	\$ 10,094,288	\$ 11,276,433	\$ 11,694,735	\$ 12,162,524	\$ 12,600,375	\$ 13,104,390	\$ 13,534,412	\$ 14,205,674	\$ 14,485,815
Regional District Dissolutions Payments	1,302,857	1,149,850	1,149,850	2,909,491	660,149	-	-	-	-	-
Other Local Revenue	86,349	109,397	164,396	148,894	85,571	41,015	67,370	196,686	246,994	212,943
State sources	1,194,226	1,372,165	1,690,364	1,807,073	1,669,363	1,232,661	1,053,424	1,259,307	1,583,944	1,455,825
Federal sources	193,462	206,288	175,746	183,747	188,824	288,618	306,026	225,606	205,179	199,364
<b>Total revenue</b>	<b>13,440,271</b>	<b>12,931,987</b>	<b>14,456,788</b>	<b>16,743,940</b>	<b>14,766,431</b>	<b>14,162,669</b>	<b>14,531,210</b>	<b>15,216,011</b>	<b>16,241,790</b>	<b>16,353,947</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	3,076,259	3,540,468	4,116,226	3,993,475	4,238,199	4,105,542	3,637,643	3,185,081	3,412,885	3,809,020
Special Education Instruction	349,409	413,415	429,410	530,876	522,949	533,772	642,988	782,960	631,127	512,212
Other Instruction	69,094	81,945	88,320	83,608	89,320	87,513	102,327	74,449	70,964	79,347
<b>Undistributed:</b>										
Instruction	3,425,192	3,322,976	3,270,331	4,025,221	3,931,275	3,855,537	4,273,729	4,944,041	4,868,576	4,845,770
Attendance and Social Work								55,745	57,087	53,388
Health Services	109,728	115,168	119,883	133,116	108,439	119,985	124,006	161,495	136,600	138,436
Support Services - Students	190,781	156,809	236,175	297,623	284,314	330,583	335,686	350,438	384,871	313,052
Support Services - Special	374,391	620,797	458,443	502,187	515,294	535,340	328,559	291,678	229,337	234,895
Improvement of Instructional Services	90,301	83,724	106,998	120,942	113,385	124,019	113,243	65,392	110,894	108,848
Educ. Media Library	128,120	122,945	307,608	215,299	284,768	165,956	154,003	244,578	270,838	242,155
Instructional Staff Services	5,657	8,291	6,089	9,642	6,411	2,084	285	824	1,559	1,155
General Administration	463,469	325,723	391,611	306,487	341,523	322,000	345,536	369,389	392,121	316,262
School Administration	278,675	343,215	323,950	311,063	335,453	339,546	340,014	355,150	369,922	378,574
Central Services		5,855	198,342	200,972	215,986	216,640	222,535	193,230	191,222	204,259
Operations and Maintenance	803,406	848,207	779,518	832,624	854,335	875,569	887,937	860,599	901,193	980,235
Student Transportation	479,467	561,255	644,995	580,827	635,909	649,650	542,010	614,513	665,779	659,510
Employee benefits	1,215,741	1,391,118	1,558,721	1,568,445	1,430,418	1,666,438	1,778,770	1,617,580	1,613,716	1,634,324
On-behalf TPAF Pension Contributions	256,533	324,055	616,671	684,254	340,205	335,936	362,088	483,319	617,160	460,465
Reimb. TPAF Soc. Sec. Contributions	291,328	345,236	353,521	359,953	402,446	386,960	331,159	308,447	327,978	335,760
Special Schools	23,306	23,850	34,041	42,727	40,232	42,059	8,670	-	-	-
Capital Outlay	119,262	55,151	7,776	155,421	11,537	7,466	32,068	11,432	15,689	24,368
<b>Debt Service:</b>										
Interest	222,219	214,673	206,573	198,135	189,360	180,135	225,494	117,530	128,600	250,000
Principal	165,000	175,000	185,000	190,000	200,000	210,000	220,000	250,000	240,000	120,000
<b>Special Revenue:</b>										
Federal	178,838	171,624	175,746	183,747	188,824	288,618	306,026	198,931	205,179	199,364
State	34,333	42,749	1,616	-	-	-	-	-	-	-
Other		17,514	9,728	-	-	750	-	-	58,394	88,911
<b>Total Expenditures</b>	<b>12,350,509</b>	<b>13,502,500</b>	<b>14,627,290</b>	<b>15,526,646</b>	<b>15,280,581</b>	<b>15,382,098</b>	<b>15,314,777</b>	<b>15,536,800</b>	<b>15,901,692</b>	<b>15,990,310</b>
Excess (Deficiency) of revenues over (under) expenditures	1,089,762	(570,512)	(170,501)	1,217,294	(514,150)	(1,219,429)	(783,567)	(320,789)	340,098	363,636

**Mountainside School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other Financing sources (uses)</b>										
Proceeds-Sale of Refunding Bonds							3,364,093			
Payment to Refunded Bond Escrow Agent							(3,308,921)			
Transfers in	4,635	7,854	9,860	394,039	389,360	389,360	423,752	266,763	100,000	154,500
Transfers out	(4,635)	(7,854)	(9,860)	(394,039)	(389,360)	(389,360)	(390,323)	(266,763)	(100,000)	(154,500)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 1,089,762</u>	<u>\$ (570,512)</u>	<u>\$ (170,501)</u>	<u>\$ 1,217,294</u>	<u>\$ (514,150)</u>	<u>\$ (1,219,429)</u>	<u>\$ (694,965)</u>	<u>\$ (320,789)</u>	<u>\$ 340,098</u>	<u>\$ 363,636</u>
<b>Debt service as a percentage of noncapital expenditures</b>	3.17%	2.90%	2.68%	2.53%	2.55%	2.54%	2.92%	2.37%	2.32%	2.32%

Source: District records

**MOUNTAINSIDE SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS (Unaudited)  
(modified accrual basis of accounting)**

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>TUITION</u>	<u>INTEREST ON INVESTMENTS</u>	<u>TRANSPORT FEES</u>	<u>RENTALS</u>	<u>REFUND</u>	<u>ACTIVITY FEES</u>	<u>DEREGION- ALIZATION</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2005	\$ 1,320.00	\$ 59,236.00			\$ 16,392.00		\$ 1,302,857.00	\$ 4,767.00	1,384,572.00
2006		95,605.70					1,149,850.18	5,936.80	1,251,392.68
2007	26,950.00	104,110.04					1,149,850.18	13,747.91	1,294,658.13
2008	18,736.70	99,418.09		4,350.00			2,909,491.28	26,388.87	3,058,384.94
2009	27,980.00	29,579.58					660,149.22	27,647.08	745,355.88
2010	19,770.00	2,489.57						17,999.38	40,258.95
2011	33,740.00	0.00			11,363.78			2,265.79	47,369.57
2012	28,300.00	2,416.60	47,444.14	14,400.00		51,227.50		52,897.60	196,685.84
2013	17,310.00	1,759.93	47,941.23	17,720.00	15,484.55	52,773.50		35,610.34	188,599.55
2014	13,860.00	4,472.26	51,080.07	19,120.00	2,001.62	29,483.00		4,014.67	124,031.62

Source: District records.

## Revenue Capacity

**Mountainside School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg	Qfarm	Commerical	Industrial	Apartment	Total Assessed Value	Memo : Tax Exempt Propert	Public Utilities *	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2005	\$ 6,853,600	\$ 383,295,800	-	-	\$ 62,868,900	\$ 30,145,100	-	\$ 483,163,400	\$ 136,231,800	\$ 410,394	\$ 482,753,006	\$ 1,495,980,806	2.147
2006	\$ 7,074,800	\$ 387,993,600	-	-	\$ 61,522,300	\$ 28,613,200	-	\$ 485,203,900	\$ 136,231,800	\$ 337,699	\$ 484,866,201	\$ 1,803,657,411	2.201
2007	\$ 6,888,000	\$ 391,061,200	-	-	\$ 61,692,600	\$ 26,975,200	-	\$ 486,617,000	\$ 136,162,400	\$ 322,472	\$ 486,294,528	\$ 1,878,558,988	2.359
2008	\$ 6,878,300	\$ 394,297,500	-	-	\$ 60,710,300	\$ 26,769,400	-	\$ 488,655,500	\$ 136,482,500	\$ 328,845	\$ 488,326,655	\$ 1,959,952,232	2.484
2009	\$ 6,715,200	\$ 396,482,500	-	-	\$ 58,609,200	\$ 27,402,500	-	\$ 489,209,400	\$ 136,306,400	\$ 357,989	\$ 488,851,411	\$ 1,973,409,666	2.485
2010	\$ 5,961,500	\$ 397,158,400	-	-	\$ 58,309,200	\$ 26,976,100	-	\$ 488,405,200	\$ 136,197,000	\$ 368,925	\$ 488,036,275	\$ 1,882,852,508	2.630
2011	\$ 5,868,500	\$ 399,275,800	-	-	\$ 56,523,300	\$ 26,553,100	-	\$ 488,220,700	\$ 136,197,000	\$ 437,295	\$ 487,783,405	\$ 1,724,347,175	2.687
2012	\$ 5,941,700	\$ 397,775,200	-	-	\$ 55,364,300	\$ 26,055,200	-	\$ 485,136,400	\$ 136,406,400	\$ 349,967	\$ 484,786,433	\$ 1,677,281,872	2.723
2013	\$ 6,063,300	\$ 397,192,500	-	-	\$ 55,014,700	\$ 24,350,100	-	\$ 482,620,600	\$ 135,801,800	\$ 532,537	\$ 482,088,063	\$ 1,668,235,741	2.971
2014	\$ 6,544,200	\$ 396,026,600	-	-	\$ 50,599,200	\$ 24,035,600	-	\$ 477,205,600	\$ 135,633,800	\$ 439,269	\$ 476,766,331	\$ 1,707,183,189	3.060

Source Municipal Tax Assessor

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 the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Mountainside School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**  
(rate per \$100 of assessed value)  
Unaudited

**Exhibit J-7**

Fiscal Year Ended June 30,	Mountainside School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Borough of Mountainside <sup>c</sup>	Union County <sup>c</sup>	
	2005	2.067	0.080	2.147	1.010	
2006	2.120	0.081	2.201	1.090	1.319	4.610
2007	2.278	0.081	2.359	1.200	1.340	4.899
2008	2.405	0.079	2.484	1.340	1.376	5.200
2009	2.405	0.080	2.485	1.406	1.419	5.310
2010	2.550	0.080	2.630	1.528	1.468	5.626
2011	2.687	-	2.687	1.640	1.503	5.829
2012	2.702	0.021	2.723	1.607	1.499	5.829
2013	2.915	0.056	2.971	1.748	1.724	6.443
2014	3.003	0.057	3.060	1.838	1.838	6.736

**Source: Municipal Tax Collector**

**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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**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.

**c** Borough Tax - Includes Municipal Library which is legally segregated for years after 2011.

Union County- Includes County Open Space Recreation & Historic Preservation for years 2001 and subsequent.

**Mountainside School District  
Principal Property Taxpayers,  
Current Year and Nine Years Ago  
Unaudited**

	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
DELANEY REAL ESTATE HOLDINGS, L.P.	3,700,600.00	1	0.78%	<b>Information Unavailable</b>		
BEAR MOUNTAIN REALTY LLC	3,572,500.00	2	0.75%			
HCP PCI NEW JERSEY, LLC	3,300,000.00	3	0.69%			
ECHO RECREATION PARTNERS, L.P.	2,893,000.00	4	0.61%			
HCR MANORCARE PROPERTIES LLC	2,100,000.00	5	0.44%			
SAFEGUARD STORAGE PROPERTIES	1,929,200.00	6	0.40%			
ASC MOUNTAINSIDE REALTY	1,600,000.00	7	0.34%			
SH727, LLC	1,564,800.00	8	0.33%			
NG CONSTRUCTION, LLC	1,461,200.00	9	0.31%			
TRIPLE NET INVESTMENTS XV, LLC	1,440,600.00	10	0.30%			
PUBLIC STORAGE EURO PART IX, LTD	1,440,400.00	11	0.30%			
253 SHEFFIELD INC.	1,400,000.00	12	0.29%			
MAIKOS LAND DEVELOPMENT, LLC	1,373,900.00	13	0.29%			
152 GLEN ROAD, LLC	1,367,000.00	14	0.29%			
SNYDER FOUNDATION INCC/O FAMOUS DAVE'S	1,345,100.00	15	0.28%			
<b>Total</b>	<b>\$ 30,488,300</b>		<b>6.39%</b>	<b>\$ - 0.00%</b>		

Source: Municipal Tax Assessor

**Mountainside School District  
Total Property Tax Levies and Collections,  
Last Ten Fiscal Years  
Unaudited**

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2004	20,902,636.78	20,589,719.04	98.50%
2005	21,531,895.71	21,190,755.85	98.42%
2006	22,509,511.58	22,162,132.07	98.46%
2007	23,972,832.01	23,587,886.34	98.39%
2008	25,540,138.58	25,253,504.27	98.88%
2009	26,053,330.37	25,622,451.61	98.35%
2010	27,669,775.83	27,271,273.37	98.56%
2011	28,550,686.74	28,178,877.83	98.70%
2012	30,074,204.14	29,675,471.07	98.67%
2013	31,211,086.61	30,858,064.95	98.87%

**Source: Borough of Mountainside Chief Financial Officer**

<sup>a</sup> 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.

## Debt Capacity

**Mountainside School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2003	4,968,000	-	47,964	-	-	5,015,964	1.85%	\$ 760	
2004	4,808,000	-	138,376	-	-	4,946,376	1.77%	\$ 754	
2005	4,643,000	-	82,213	-	-	4,725,213	1.64%	\$ 725	
2006	4,468,000	-	60,682	-	-	4,528,682	1.41%	\$ 696	
2007	4,283,000	-	37,370	-	-	4,320,370	1.30%	\$ 665	
2008	4,093,000	-	13,794	-	-	4,106,794	1.21%	\$ 629	
2009	3,893,000	-	-	-	-	3,893,000	N/A	\$ 590	
2010	3,683,000	-	-	-	-	3,683,000	N/A	\$ 550	
2011	3,360,000	-	-	-	-	3,360,000	N/A	\$ 500	
2012	3,110,000	-	-	-	-	3,110,000	N/A	\$ 459	
2013	2,870,000	-	-	-	-	2,870,000	N/A	\$ 423	
2014	2,620,000	-	-	-	-	2,620,000	N/A	\$ 385	

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

<sup>a</sup> See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. 2012 Population was utilized to calculate 2013 Per Capita debt.

**Mountainside School District**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

**Exhibit J-11**

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
2004	4,808,000		4,808,000	1.00%	731.81
2005	4,643,000		4,643,000	0.96%	710.37
2006	4,468,000		4,468,000	0.92%	683.60
2007	4,283,000		4,283,000	0.88%	656.60
2008	4,093,000		4,093,000	0.84%	624.79
2009	3,893,000		3,893,000	0.80%	590.12
2010	3,683,000		3,683,000	0.75%	550.03
2011	3,360,000		3,360,000	0.69%	499.93
2012	3,110,000		3,110,000	0.64%	458.77
2013	2,870,000		2,870,000	0.60%	423.37
2014	2,620,000		2,620,000	0.55%	384.84

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**Mountainside School District  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2014  
 Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Mountainside	\$ 6,578,556	100.000%	\$ 6,578,556
<b>Other Debt</b>			
Union County General Obligation Debt-Borough Share	573,433,640	2.519%	14,444,621
Rahway Valley Sewerage Authority	177,087,791	3.896%	<u>6,899,695</u>
Subtotal, overlapping debt			27,922,872
<b>Mountainside District Direct Debt</b>			<u>2,620,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 30,542,872</u></u>

**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.

**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 the residents and businesses of Anytown. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

Rahway Valley Sewerage Authority Debt Union County Debt, and Borough of Mountainside debt are as of December 31, 2013.

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

**Legal Debt Margin Calculation for Fiscal Year 2014**

Equalized valuation basis	
2013	\$ 1,682,191,005
2012	\$ 1,676,931,905
2011	\$ 1,726,381,542
<b>[A]</b>	<u>\$ 5,085,504,452</u>
<b>[A/3]</b>	\$ 1,695,168,151
<b>[B]</b>	67,806,726 <sup>a</sup>
<b>[C]</b>	<u>2,620,000</u>
<b>[B-C]</b>	<u>\$ 65,186,726</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$39,531,840	\$44,716,705	\$47,054,891	\$47,054,891	\$50,458,918	\$76,663,801	\$ 73,692,056	\$ 70,690,482	\$68,162,920	\$67,806,726
Total net debt applicable to limit	<u>4,643,000</u>	<u>4,468,000</u>	<u>4,283,000</u>	<u>4,093,000</u>	<u>3,893,000</u>	<u>3,683,000</u>	<u>3,360,000</u>	<u>3,110,000</u>	<u>2,870,000</u>	<u>2,620,000</u>
Legal debt margin	<u>\$34,888,840</u>	<u>\$40,248,705</u>	<u>\$42,771,891</u>	<u>\$42,961,891</u>	<u>\$46,565,918</u>	<u>\$72,980,801</u>	<u>\$ 70,332,056</u>	<u>\$ 67,580,482</u>	<u>\$65,292,920</u>	<u>\$65,186,726</u>
Total net debt applicable to the limit as a percentage of debt limit	11.74%	9.99%	9.10%	8.70%	7.72%	4.80%	4.56%	4.40%	4.21%	3.86%

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

<sup>a</sup> Limit set by NJSIA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types

## Demographic and Economic Information

**Mountainside School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2004	6,558	278,833,044	42,518	2.30%
2005	6,519	287,240,178	44,062	2.40%
2006	6,511	319,442,682	49,062	2.50%
2007	6,498	331,748,892	51,054	2.30%
2008	6,531	338,403,765	51,815	3.00%
2009	6,597	N/A	N/A	5.30%
2010	6,696	N/A	N/A	5.40%
2011	6,721	N/A	N/A	5.30%
2012	6,779	N/A	N/A	5.40%
2013	6,808	N/A	N/A	4.40%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Mountainside School District  
Principal Employers,  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>

**Information Unavailable**

	<u>-</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>
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Source: \_\_\_\_\_

## Operating Information

**MOUNTAINSIDE SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Instruction										
Teachers	56	56	72.7	74.8	70.4	66.4	64.7	56.4	55.9	58
Classroom Aides	3	-	12.0	11.7	12.8	7.2	9	10.4	6.5	6.5
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & Instruction Related Services	13	14	14.2	16.2	14.6	13.6	14.0	11.2	10.0	10.0
General Administration	1	-	1.7	1.7	1.5	1.5	1.7	1.6	1.5	1.5
School Administrative Services	5	4	4.5	4.5	4.5	4.5	4.5	5.5	5.5	5.5
Business Administrative Services	3	2	2.5	3.0	3.0	3.0	2.8	2.3	2.7	2.7
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	8	8	8.5	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Pupil transportation	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>88</b>	<b>84</b>	<b>116.1</b>	<b>119.9</b>	<b>114.8</b>	<b>104.2</b>	<b>103.7</b>	<b>94.4</b>	<b>89.1</b>	<b>91.2</b>

Source: District Personnel Records

**Mountainside School District  
Operating Statistics,  
Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary School	Middle School					
2005	717	11,828,670	16,497.45	-3.69%	71.00	1:12	N/A	716.8	689.5	7.90%	96.19%	
2006	711	13,057,675	18,365.23	11.32%	59.00	1:12	N/A	713.7	704.0	-0.43%	98.64%	
2007	708	14,218,214	20,082.22	9.35%	72.70	1:10	N/A	703.3	676.6	-1.46%	96.20%	
2008	763	14,983,090	19,637.08	-2.22%	74.80	1:10	N/A	756.0	714.1	7.49%	94.46%	
2009	760	14,879,684	19,578.53	-0.30%	70.40	1:10	N/A	766.0	726.5	1.32%	94.84%	
2010	789	14,987,635	18,995.74	-2.98%	66.40	1:11	N/A	789.0	745.6	3.00%	94.50%	
2011	806	14,869,283	18,448.24	-5.77%	64.70	1:12	N/A	806.0	779.3	5.22%	96.69%	
2012	810	15,169,270	18,727.49	1.51%	56.40	1:14	N/A	810.0	783.0	2.66%	96.67%	
2013	778	15,478,685	19,895.48	6.24%	55.90	1:13	N/A	778.0	745.3	-3.47%	95.80%	
2014	747	15,586,593	20,865.59	4.88%	58.00	1:13	N/A	757.6	735.7	-6.46%	97.11%	

**Sources:** District Records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching Staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**MOUNTAINSIDE SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b>Beechwood</b>										
Square Feet	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810	35,810
Capacity (students)	235	235	235	235	235	235	235	235	235	235
Enrollment	N/A	237	255	217	260	267	270	256	255	265
<b>Deerfield</b>										
Square Feet	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258	83,258
Capacity (students)	546	546	546	546	546	546	546	546	546	546
Enrollment	N/A	460	486	496	500	522	543	565	523	505

Number of Schools at June 30, 2014

Elementary = 1(Pre-K through Grade 2)

Middle School = 1(Grades 3 through 8)

**Source:** District Facilities Office

MOUNTAINSIDE SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #(s)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Deerfield School	SP201453	\$163,069.11	\$60,300.00	\$24,750.00	\$38,420.00	\$21,043.00	\$30,079.00	\$24,751.00	\$17,658.00	\$14,824.00	\$15,358.00
Beechwood School	SP201452	<u>77,323.61</u>	<u>17,900.00</u>	<u>10,250.00</u>	<u>4,800.00</u>	<u>1,979.00</u>	<u>3,403.00</u>	<u>8,713.00</u>	<u>8,417.00</u>	<u>30,429.00</u>	<u>15,358.00</u>
Grand Total		<u>\$240,392.72</u>	<u>\$78,200.00</u>	<u>\$35,000.00</u>	<u>\$43,220.00</u>	<u>\$23,022.00</u>	<u>\$33,482.00</u>	<u>\$33,464.00</u>	<u>\$26,075.00</u>	<u>\$45,253.00</u>	<u>\$30,716.00</u>

\*School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2014  
UNAUDITED

The School Alliance Insurance Fund (herein referred to as SAIF or the Fund) is a Joint Insurance Fund Formed under the provisions of *N.J.S.A. 18A:18:b-1 et seq.* As indicated by the Fund's name, the SAIF's membership is comprised of educational facilities.

The SAIF commenced operations on July 1, 1996 with 69 member districts.

The Fund provides the following coverages to its participants:

**1. Comprehensive General liability including Employee Benefits Liability**

1. Limit of Liability

- a. Bodily Injury & Property Damage - \$5,000,000 per occurrence & aggregate
- b. Fire Damage - \$5,000,000 per occurrence & aggregate
- c. Employee Benefits Programs - \$1,000,000 per occurrence

**2. Workers' Compensation**

1. Limits of Liability:

- a. Workers' Compensation – Statutory benefits as required by the State of New Jersey
- b. Employer's Liability - \$5,000,000 per occurrence/per employee/aggregate
- c. Supplementary Workers Compensation - \$1,750 per week

**3. Property**

- 1. Limit of Liability – Total Insurance Value on file with the Fund -\$28,567,285
- 2. Extra Expense - \$1,000,000
- 3. Member Deductible - \$1,000/occurrence

**4. Automobile**

- 1. Bodily Injury & Property – \$5,000,000
- 2. Personal Injury Protection (PIO) – Statutory
- 3. Medical Payments - \$10,000
- 4. Uninsured/Underinsured Motorists - \$1,000,000

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2014  
UNAUDITED

**5. Environmental Impairment Liability**

1. Limits of Liability – \$1,000,000 per incident/ \$25,000,000 Fund Annual Aggregate
  1. SAIF Self Insured Retention – NIL
  2. Members Deductible – \$10,000 per incident
  3. Insuring Agreement – Provide coverage for on site clean-up costs and third party claims for bodily injury, property damage and clean up costs resulting from environmental impairment conditions.

**6. Student Accident Insurance**

1. Limits of Liability:
  - a. Compulsory/Full Excess - \$1,000,000 per accident/ 1 year benefit

**7. School Leaders Professional Liability**

1. Limits of Liability - \$5,000,000 per claim/aggregate per member. \$10,000,000 aggregate per occurrence. Claims made form, Full Prior Acts
  1. SAIF Self Insured Retention – \$25,000 per Claim
  2. Insuring Agreement – Provide coverage for a civil claim to the extent to which this insurance applies because of a wrongful act arising out of the business activities of any member.

**8. Excess Liability**

1. Limits of Liability – \$5 million per occurrence/aggregate per member

**9. Crime**

1. Limits of Liability:
  - a Employee Dishonesty - \$500,000 each loss

**10. Public Employees Faithful Performance Bonds**

Selective Insurance Company:

1. Board Secretary/SBA- \$194,000

Source: Borough of Mountainside Board of Education

**SINGLE AUDIT SECTION**

**SECTION – K**

**HODULIK & MORRISON, P.A.**  
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MEMBERS OF:  
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 REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**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**

Honorable President and Members  
 of the Board of Education  
 Borough of Mountainside School District  
 County of Union, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Mountainside School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated October 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough of Mountainside School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Mountainside School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mountainside School 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Mountainside School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Board of Education of the Borough of Mountainside School District in a separate *Auditors' Management Report on Administrative Findings* dated October 15, 2014.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
October 15, 2014

**HODULIK & MORRISON, P.A.**  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
 ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
 ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
 of the Board of Education  
 Borough of Mountainside School District  
 County of Union, New Jersey

**Report on Compliance for Each Major Program**

We have audited the compliance of the Borough of Mountainside School District, in the County of Union, State of New Jersey, with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of Borough of Mountainside School District's major state programs for the year ended June 30, 2014. The Borough of Mountainside School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Borough of Mountainside School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Mountainside School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the Borough of Mountainside School District's compliance.

### **Opinion on each Major State Program**

In our opinion, the Borough of Mountainside School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

The management of the Borough of Mountainside School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Mountainside School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJOMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Mountainside School District's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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 upon the requirements of NJOMB Circular 04-04. Accordingly, this communication is not suitable for any other purpose.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
October 15, 2014

BOROUGH OF MOUNTAINSIDE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A NO.	GRANT PERIOD	AWARD AMOUNT	DEF.REVENUE/ (ACCTS. REC.) AT JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	DEF.REVENUE/ (ACCTS. REC.) AT JUNE 30, 2014	MEMO CUMULATIVE TOTAL EXPENDITURES
U.S. Department of Agriculture Passed-through State Department of Education:								
National School Lunch Program	10.555	7/1/12-6/30/13	16,029.20	(1,103.99)	1,103.99			(16,029.20)
National School Lunch Program	10.555	7/1/13-6/30/14	16,081.48		14,804.76	(16,081.48)	(1,276.72)	
Federal Food Distribution Program	10.555	7/1/13-6/30/14	12,598.99		12,598.99	(12,598.99)		
Total U.S. Department of Agriculture				<u>(1,103.99)</u>	<u>28,507.74</u>	<u>(12,598.99)</u>		<u>(16,029.20)</u>
U.S. Department of Education Passed-through State Department of Education:								
Special Revenue Fund:								
I.D.E.A. Part B	84.027	9/1/12-8/31/13	185,518.00	(185,518.00)	185,518.00			
I.D.E.A. Part B	84.027	9/1/13-8/31/14	180,686.00		68,083.00	(180,686.00)	(112,603.00)	(180,686.00)
I.D.E.A. Part B, Preschool	84.173	9/1/12-8/31/13	8,305.00	(511.00)	511.00			
I.D.E.A. Part B, Preschool	84.173	9/1/13-8/31/14	7,867.00			(7,867.00)	(7,867.00)	(7,867.00)
N.C.L.B. Title II, Part A	84.367	9/1/13-8/31/14	11,356.00	(11,536.00)			(11,536.00)	
N.C.L.B. Title II, Part A	84.367	9/1/12-8/31/13	10,697.00		10,676.00	(10,697.00)	(21.00)	(10,697.00)
Total U.S. Department of Education				<u>(17,519.00)</u>	<u>264,788.00</u>	<u>(199,250.00)</u>	<u>(132,027.00)</u>	<u>(199,250.00)</u>
Total Federal Financial Assistance				<u>(21,008.36)</u>	<u>293,295.74</u>	<u>\$ (211,848.99)</u>	<u>(132,027.00)</u>	<u>(215,279.20)</u>

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2013 based upon the reported level of expenditures.  
See Accompanying Notes to Schedules of Financial Assistance

MOUNTAINSIDE SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2013		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2014		MEMO CUMULATIVE TOTAL EXPENDITURES
				GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE			GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	
State Department of Education:										
Governmental Funds										
Special Education Aid	14-495-034-5120-089	382,540	7/1/13-6/30/14			345,587.00	(382,540.00)			(36,953.00) (382,540.00)
Special Education Aid	13-495-034-5120-089	380,439	7/1/12-6/30/13		(36,757.00)	36,757.00				
Transportation Aid	13-495-034-5120-014	68,893	7/1/12-6/30/13		(6,656.00)	6,656.00				
Transportation Aid	14-495-034-5120-014	65,170	7/1/13-6/30/14			58,875.00	(65,170.00)			(6,295.00) (65,170.00)
Security Aid	13-495-034-5120-084	15,872	7/1/12-6/30/13		(1,534.00)	1,534.00				
Security Aid	14-495-034-5120-084	17,494	7/1/13-6/30/14			15,804.00	(17,494.00)			(1,690.00) (17,494.00)
Under Adequacy Aid		5,780	7/1/13-6/30/14			5,771.00	(5,780.00)			(9.00) (5,780.00)
Extraordinary Aid	14-100-034-5120-473	147,759	7/1/13-6/30/14				(147,759.00)			(147,759.00) (147,759.00)
Extraordinary Aid	13-100-034-5120-473	151,951	7/1/12-6/30/13		(151,951.00)	151,951.00				
Nonpublic School Transportation	14-495-034-5120-014	21,738	7/1/13-6/30/14				(21,738.00)	(21,738.00)		(21,738.00)
Nonpublic School Transportation	13-495-034-5120-014	14,927	7/1/12-6/30/13		(14,926.80)	14,926.80				
T.P.A.F. Social Security Aid	14-495-034-5095-002	352,024	7/1/13-6/30/14			319,521.66	(335,759.78)	(16,238.12)		(335,759.78)
T.P.A.F. Social Security Aid	13-495-034-5095-002	327,978	7/1/12-6/30/13	(16,264.60)		16,264.60				
T.P.A.F. Pension Contributions	14-495-034-5095-006	275,167	7/1/13-6/30/14			160,294.00	(160,294.00)			(160,294.00)
T.P.A.F. Post Retirement Medical	14-495-034-5095-001	327,515	7/1/13-6/30/14			286,022.00	(286,022.00)			(286,022.00)
T.P.A.F. Non-Contributory Insurance	14-495-034-5095-007	14,149	7/1/13-6/30/14			14,149.00	(14,149.00)			(14,149.00)
Enterprise Funds										
National School Lunch Prog. (State Share)	14-100-010-3350-023	1,469	7/1/13-6/30/14			1,353.81	(1,468.71)	(114.90)		(1,468.71)
National School Lunch Prog. (State Share)	13-100-010-3350-023	1,503	7/1/12-6/30/13	(105.73)		207.95	(102.22)			
Total State Financial Assistance				(16,370.33)	(211,824.80)	1,435,674.82	(1,438,276.71)	(38,091.02)	(192,706.00)	(1,438,174.49)
Less:										
T.P.A.F. Pension Contributions							(160,294.00)			
T.P.A.F. Post Retirement Medical							(286,022.00)			
T.P.A.F. Non-Contributory Insurance							(14,149.00)			
State Expenditures Subject to Single Audit							(977,811.71)			

Note: See Accompanying Notes to Schedules of Financial Assistance.

MOUNTAINSIDE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2014

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance include state award activity of the Board of Education of the Mountainside School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements (GASB 34 Model – basic financial statements). All state awards received directly from state agencies, as well as state assistance passed through other government agencies are included on the schedule of expenditures of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. 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 revenues, whereas the GAAP basis does not.

See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Award and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

MOUNTAINSIDE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2014

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 00.00	\$ 1,455,824.58	\$ 1,455,824.58
Special Revenue Fund	199,364.19	0.00	199,364.19
Food Service Fund	<u>28,680.47</u>	<u>1,570.93</u>	<u>30,251.40</u>
Total Assistance	\$ <u>228,044.66</u>	\$ <u>1,457,395.51</u>	\$ <u>1,685,440.17</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2014. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

MOUNTAINSIDE SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

K-6

Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards-NOT APPLICABLE, FEDERAL SINGLE AUDIT NOT REQUIRED**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ No

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

Any audit findings disclosed that are required to be reported in accordance with section.510(a) of Circular A-133? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and B programs: \_\_\_\_\_

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

MOUNTAINSIDE SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

K-6

Section 1 - Summary of Auditor's Results (cont'd)

**State Awards**

Dollar threshold used to distinguish between Type A and B programs: \$300,000.00

Auditee qualified as low-risk auditee?     X     Yes            No

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

Internal Control over major programs:

1) Material weakness(es) identified?            Yes     X     No

2) Significant deficiencies identified that are not considered to be material weaknesses?            Yes     X     No

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?            Yes     X     No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>14-495-034-5120-089</u>	<u>NJ Public Cluster: Categorical Special Education Aid</u>
<u>14-495-034-5120-084</u>	<u>Security Aid</u>
<u>14-495-034-5095-002</u>	<u>T.P.A.F Social Security Aid</u>

Section II - Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

MOUNTAINSIDE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NONE