

MAYWOOD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

MAYWOOD, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Maywood Board of Education

Maywood, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

MAYWOOD BOARD OF EDUCATION
452 Maywood Avenue
Maywood, NJ 07607

Jennifer Pfohl
**School Business Administrator/
Board Secretary**

Phone (201)843-4598
Fax (201)843-2744

November 20, 2015

Honorable President and
Members of the Board of Education
Maywood School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Maywood School District for the fiscal year ended June 30, 2015 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 this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations", and the same New Jersey OMB 15-08 Circular, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. 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, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: Maywood School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Maywood Board of Education and both of its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed the 2014/2015 fiscal year with an average daily enrollment of 945 students, which is a decrease of 20 students over the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	945	(2.07%)
2013-2014	965	1.26 %
2012-2013	953	4.27 %
2011-2012	914	(1.40%)
2010-2011	927	(.43%)
2009-2010	931	2.65%
2008-2009	907	7.34 %
2007- 2008	845	(1.5%)
2006- 2007	858	5.54%
2005- 2006	813	.25%

ECONOMIC OUTLOOK AND MAJOR INITIATIVES: The district seeks to achieve multiple initiatives in this school year and beyond. The major initiatives that will be of great focus are that of curriculum modification, technology infusion, teacher evaluation systems, professional development, and shared services. The curriculum modification will encompass the first full year of PARCC state assessments and the technology upgrades and new program implementations that come with the shift. The district has also engaged in the creation of a curriculum consortium with the three sending districts and the receiving high school district. All curriculum related materials, revisions and sequencing will be fully articulated between and amongst the districts as a whole. The district will implement the Go Math mathematics program and the Journeys Reading program into its core curriculum offerings at both schools entirely with the infusion of the Edmentum online program for student assessments.. Chromebooks will again be used to increase our technology base and its relationship to the new generation of assessments while all classrooms at the elementary school will now contain smartboards for teacher and student usage. The professional development component deals with the continuation of Maywood’s involvement in the newly created Bergen County Curriculum Consortium as well as the Northern Valley Curriculum Consortium in line with its involvement and participation in the Region V consortium for special education and related services. Class size and staffing components will also be addressed based on demographic figures as well as new hires precipitated by the retirements. The technology implementation is an educational based need for 21st century learning as well as a necessity for capacity readiness for PARCC. The use of chromebooks, smartboards and Mimeoos have been quite successful and curriculum focused for all grade levels.

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 accounting principles generally accepted in the United States of America (GAAP). The 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’s 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.

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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

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 Government 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.

RISK MANAGEMENT: The Board carried various forms of insurance, including, but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

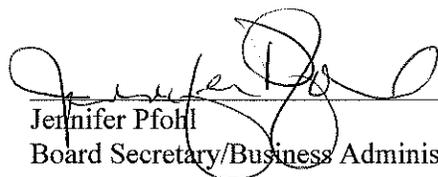
OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountant or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP's was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Maywood School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and administrative staff.

Respectfully submitted,

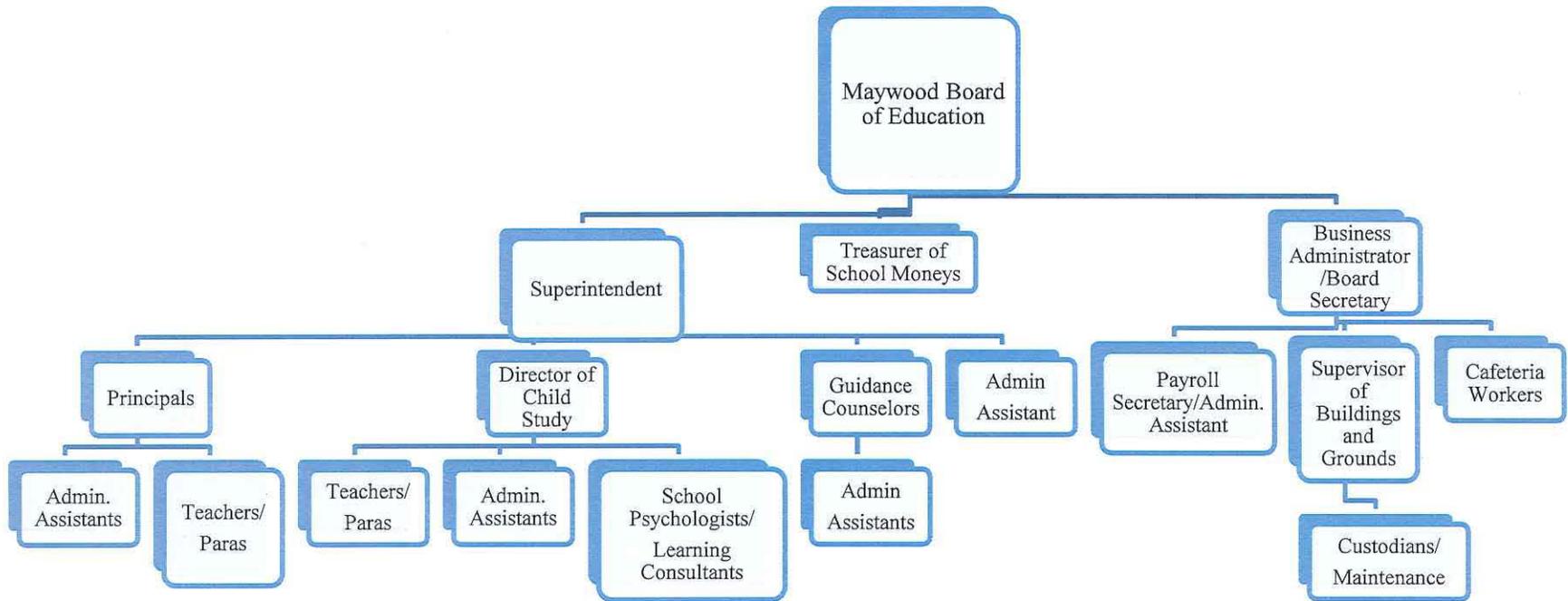


Michael Jordan
Superintendent



Jennifer Pfohl
Board Secretary/Business Administrator

Organizational Chart



MAYWOOD BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
KEVIN TAYLOR, PRESIDENT	2015
JULIO BENDEZU, VICE PRESIDENT	2015
FRANK CILENTO	2016
SANTO CALABRO	2016
GINA-MARIE KIELY	2017
DANIELLE CICARELLI	2017
LYNN WIEBE	2015

OTHER OFFICIALS

MICHAEL JORDAN, SUPERINTENDENT OF SCHOOLS

JENNIFER PFOHL, BUSINESS ADMINISTRATOR/BOARD SECRETARY

CHARLEY HANGLEY, TREASURER OF SCHOOL MONIES

MAYWOOD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

**Lan Associates
445 Godwin Avenue
Midland Park, NJ 07432**

AUDIT FIRM

**Lerch, Vinci & Higgins, LLP
17 - 17 Route 208
Fair Lawn, NJ 07410**

ATTORNEY

**Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410**

OFFICIAL DEPOSITORY

**TD Bank
560 Maywood Ave.
Maywood, NJ 07607**

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 those 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Maywood Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

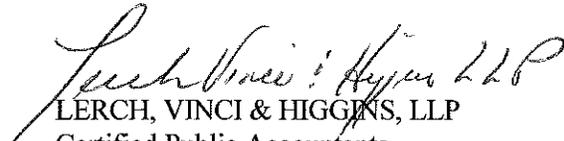
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maywood Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Maywood Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual major fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, financial schedules 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 November 20, 2015 on our consideration of the Maywood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Maywood Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis Fiscal Year Ended June 30, 2015

This section of Maywood School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

The district wide assets and deferred outflows of resources of the Maywood School District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,548,219 (net position).

Overall governmental activities revenues were \$21,835,418, which were \$130,757 less than expenses. General revenues of \$17,729,358 accounted for 81 percent of total revenues.

As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$1,866,029. Of this amount, \$285,544 is available for spending at the District's discretion (unassigned fund balance) in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

- The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:
- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

MAYWOOD BOARD OF EDUCATION

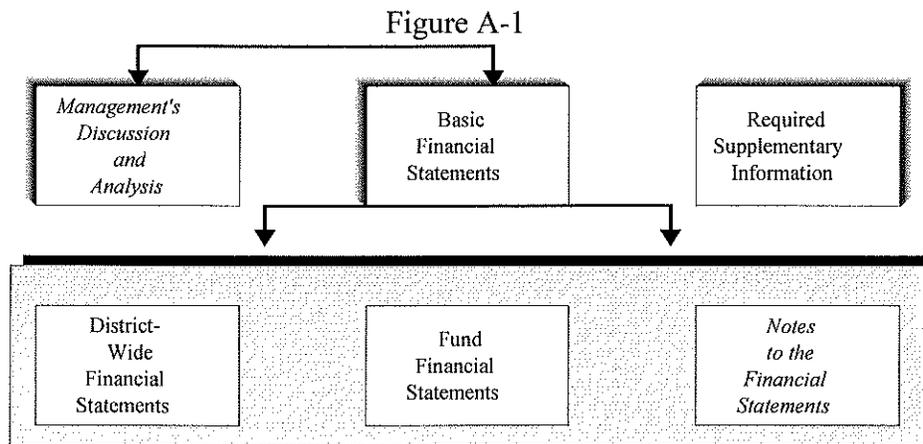
Management Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- Fiduciary funds statements provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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



Summary-----Details

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position- the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Governmental Fund	Financial Proprietary Funds	Statements Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, student activities, and payroll deduction.
Required Financial Statements	Statements of net position Statements of activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net position Statement of revenues, expenses, and changes in fund net position, Statement of cash flows	Statements of Fiduciary net position, Statement of changes in fiduciary net position.
Accounting basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term. Funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration and support services, which are supported by Local property taxes and State and Federal aid.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

- Proprietary funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

Enterprise Funds – this fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund for its food service (cafeteria) program.

- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The Statement of Net Position provides one perspective of the District as a whole.

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

The District's combined net position were \$4,548,218 and \$4,686,828 on June 30, 2015 and 2014, respectively.

**Table 1
Statement of Net Position
As of June 30, 2015 and 2014**

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current and Other Assets	\$ 2,578,937	\$ 2,523,522	\$ 62,438	\$ 69,208	\$ 2,641,375	\$ 2,592,730
Capital Assets	<u>16,333,596</u>	<u>16,787,096</u>	<u>3,828</u>	<u>1,057</u>	<u>16,337,424</u>	<u>16,788,153</u>
Total Assets	<u>18,912,533</u>	<u>19,310,618</u>	<u>66,266</u>	<u>70,265</u>	<u>18,978,799</u>	<u>19,380,883</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	558,478	577,608			558,478	577,608
Deferred Amounts on Net Pension Liability	<u>87,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,895</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>646,373</u>	<u>577,608</u>	<u>-</u>	<u>-</u>	<u>646,373</u>	<u>577,608</u>
Total Assets and Deferred Outflows of Resources	<u>19,558,906</u>	<u>19,888,226</u>	<u>66,266</u>	<u>70,265</u>	<u>19,625,172</u>	<u>19,958,491</u>
Noncurrent Liabilities	13,778,968	14,549,206			13,778,968	14,549,206
Other Liabilities	<u>833,154</u>	<u>715,721</u>	<u>8,422</u>	<u>6,736</u>	<u>841,576</u>	<u>722,457</u>
Total Liabilities	<u>14,612,122</u>	<u>15,264,927</u>	<u>8,422</u>	<u>6,736</u>	<u>14,620,544</u>	<u>15,271,663</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	454,242				454,242	
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>2,167</u>	<u>-</u>	<u>2,167</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>454,242</u>	<u>-</u>	<u>2,167</u>	<u>-</u>	<u>456,409</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,066,364</u>	<u>15,264,927</u>	<u>10,589</u>	<u>6,736</u>	<u>15,076,953</u>	<u>15,271,663</u>
Net Position						
Net investment in capital assets	6,264,674	6,351,372	3,828	1,057	6,268,502	6,352,429
Restricted	98,994	157,392			98,994	157,392
Unrestricted	<u>(1,871,126)</u>	<u>(1,885,465)</u>	<u>51,849</u>	<u>62,472</u>	<u>(1,819,277)</u>	<u>(1,822,993)</u>
Total Net Position	<u>\$ 4,492,542</u>	<u>\$ 4,623,299</u>	<u>\$ 55,677</u>	<u>\$ 63,529</u>	<u>\$ 4,548,219</u>	<u>\$ 4,686,828</u>

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

Table 2 shows changes in net position for fiscal years 2015 and 2014.

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 193,064	\$ 163,697	\$ 190,305	\$ 191,014	\$ 383,369	\$ 354,711
Operating Grants and Contributions	3,912,996	2,402,554	111,134	110,438	4,024,130	2,512,992
General Revenues						
Local Taxes	17,217,381	16,477,359			17,217,381	16,477,359
State Aid - Unrestricted	404,408	431,422			404,408	431,422
Other	107,569	11,590	-	-	107,569	11,590
Total Revenues	<u>21,835,418</u>	<u>19,486,622</u>	<u>301,439</u>	<u>301,452</u>	<u>22,136,857</u>	<u>19,788,074</u>
Expenses						
Instruction						
Regular Education	10,693,070	10,037,129			10,693,070	10,037,129
Special Education	4,551,240	3,958,848			4,551,240	3,958,848
Other Instruction	502,848	454,611			502,848	454,611
School Sponsored Activities	87,485	79,495			87,485	79,495
Community Services	6,209	5,360			6,209	5,360
Support Services						
School Administrative Services	514,773	465,467			514,773	465,467
Student & Inst. Related Svcs.	1,986,708	1,601,467			1,986,708	1,601,467
Support Services - General Administration	541,477	440,689			541,477	440,689
Plant Operations and Maintenance	1,841,985	1,733,694			1,841,985	1,733,694
Pupil Transportation	479,424	574,252			479,424	574,252
Central Services	402,566	301,508			402,566	301,508
Interest and Other Charges on Debt	358,390	391,334			358,390	391,334
Food Service	-	-	309,291	302,132	309,291	302,132
Total Expenses	<u>21,966,175</u>	<u>20,043,854</u>	<u>309,291</u>	<u>302,132</u>	<u>22,275,466</u>	<u>20,345,986</u>
Change in Net Position	(130,757)	(557,232)	(7,852)	(680)	(138,609)	(557,912)
Beginning of Year, Net Position	<u>4,623,299</u>	<u>8,374,361</u>	<u>63,529</u>	<u>64,209</u>	<u>4,686,828</u>	<u>8,438,570</u>
Prior Period Adjustment	-	(3,193,830)	-	-	-	(3,193,830)
End of Year, Net Position	<u>\$ 4,492,542</u>	<u>\$ 4,623,299</u>	<u>\$ 55,677</u>	<u>\$ 63,529</u>	<u>\$ 4,548,219</u>	<u>\$ 4,686,828</u>

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 78 percent of revenues for governmental activities for the Maywood School District in fiscal year 2015. The District's total governmental revenues were \$21,835,418 for the fiscal year ended June 30, 2015. Federal, state, and local grants accounted for another 19 percent of revenue. The total cost of all programs and services was \$21,966,175. Instruction comprises 72 percent of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

Food Service Program

- Food service expenses exceeded revenues by \$7,852.
- Charges for services represent 63 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	Total Cost of Services		Net Cost of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 15,840,852	\$ 14,535,443	\$ 12,563,610	\$ 12,250,620
Support Services:				
Pupils and Instructional Staff	1,986,708	1,601,467	1,435,808	1,464,989
General Admin. & School Admin.				
Business Operation and Maintenance of Facilities	3,300,801	2,941,358	3,088,285	2,848,720
Pupil Transportation	479,424	574,252	414,022	521,940
Interest and Fiscal Charges	358,390	391,334	358,390	391,334
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 21,966,175	\$ 20,043,854	\$ 17,860,115	\$ 17,477,603

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$20,477,593 and expenditures were \$20,635,423.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2015 and 2014.

<u>Revenue</u>	<u>2015</u>	<u>2014</u>	<u>Amount of Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
Local Sources	\$ 17,468,395	\$ 16,609,001	\$ 859,394	5%
State Sources	2,589,177	2,419,493	169,684	7%
Federal Sources	<u>420,021</u>	<u>412,259</u>	<u>7,762</u>	2%
Total	<u>\$ 20,477,593</u>	<u>\$ 19,440,753</u>	<u>\$ 1,036,840</u>	5%

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

The District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2015 and 2014.

<u>Expenditure</u>	<u>Amount</u>		Amount of	Percent
	<u>2015</u>	<u>2014</u>	Increase/ (Decrease)	Increase/ (Decrease)
Current:				
Instruction	\$ 14,726,700	\$ 14,434,879	\$ 291,821	2%
Undistributed Expenses	4,912,096	4,573,879	338,217	7%
Capital Outlay	98,339	3,327	95,012	100%
Debt Service:				
Cost of Issuance of Refunding Bonds	77,284			100%
Principal	456,147	435,458	20,689	5%
Interest	<u>364,857</u>	<u>382,761</u>	<u>(17,904)</u>	-5%
Total	<u>\$ 20,635,423</u>	<u>\$ 19,830,304</u>	<u>\$ 805,119</u>	4%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions were made to prevent over expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Special education costs increased significantly for occupational and physical therapy and Applied Behavioral Analysis.
- Property, liability, and medical insurances were renewed at higher rates than budgeted. This represents a national trend in all major areas of the insurance industry.

MAYWOOD BOARD OF EDUCATION

**Management Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

General Fund Budgeting Highlights (Continued)

- TPAF, which is the state’s contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

Capital Assets

At the end of fiscal year 2015, the District’s Governmental Funds had \$16,333,596 (net) invested in land, construction in progress, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	<u>2015</u>	<u>2014</u>
Land	\$ 15,522	\$ 15,522
Building and Building Improvements	16,232,032	16,765,582
Machinery and Equipment	<u>86,042</u>	<u>5,992</u>
 Total	 <u>\$ 16,333,596</u>	 <u>\$ 16,787,096</u>

Overall capital assets decreased by \$453,500 from fiscal year 2014 to fiscal year 2015. The decrease is attributable to the net effect of the depreciation of building and building improvements and machinery and equipment and acquisition of capital assets.

Additional information about the district’s capital assets can be found in the notes of this report.

Debt Administration

At June 30, 2015, the District had long-term debt and outstanding long-term liabilities in the amount of \$13,778,968. These liabilities include bonds payable and compensated absences payable.

**Table 5
Outstanding Debt at June 30**

	<u>2015</u>	<u>2014</u> (Restated)
Bonds Payable	\$ 10,501,694	\$ 10,856,479
Capital Leases Payable	125,706	156,853
Compensated Absences Payable	356,395	342,044
Net Pension Liability	<u>2,795,173</u>	<u>3,193,830</u>
	 <u>\$ 13,778,968</u>	 <u>\$ 14,549,206</u>

Additional information about the district’s long-term debt can be found in the notes of the report.

MAYWOOD BOARD OF EDUCATION

Management Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

For the Future

The district was able to reach a compromise with regard to its send receive contract with Hackensack High School during the 2011-2012 school year. This achievement enhanced the district's financial condition and eliminated uncertainty with regard to future tuition obligations.

The contract agreement with Hackensack contributed to the Board's decision to reinstitute full day Kindergarten for the 2012-2013 school year. The district has been able to maintain staffing levels and programmatic offerings.

The Board and administration desires to ensure that every student is prepared for the future. Toward that end, the Board conducted an evaluating of technology virtualization district wide in 2013. This upgrade that was implemented will position the district for mandated on-line texting, with an anticipated start date of 2013, while significantly enhancing the instructional options available to teachers, students and parents.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Maywood Board of Education, 452 Maywood Avenue, Maywood, New Jersey 07607.

FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,542,493	\$ 39,347	\$ 2,581,840
Receivables, net			
Receivables from Other Governments	42,593	7,135	49,728
Internal Balances	(10,732)	10,732	
Other	4,583		4,583
Inventory		5,224	5,224
Capital Assets, Not Being Depreciated	15,522		15,522
Capital Assets, Being Depreciated	16,318,074	3,828	16,321,902
Total Assets	<u>18,912,533</u>	<u>66,266</u>	<u>18,978,799</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	558,478		558,478
Deferred Amounts on Net Pension Liability	87,895	-	87,895
Total Deferred Outflows of Resources	<u>646,373</u>	<u>-</u>	<u>646,373</u>
Total Assets and Deferred Outflows of Resources	<u>19,558,906</u>	<u>66,266</u>	<u>19,625,172</u>
LIABILITIES			
Accounts Payable	711,658	8,422	720,080
Unearned Revenue	1,250		1,250
Accrued Interest Payable	120,246		120,246
Noncurrent Liabilities			
Due Within One Year	639,131		639,131
Due Beyond One Year	13,139,837		13,139,837
Total Liabilities	<u>14,612,122</u>	<u>8,422</u>	<u>14,620,544</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	454,242		454,242
Deferred Commodities Revenue	-	2,167	2,167
Total Deferred Intflows of Resources	<u>454,242</u>	<u>2,167</u>	<u>456,409</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,066,364</u>	<u>10,589</u>	<u>15,076,953</u>
NET POSITION			
Net Investment in Capital Assets	6,264,674	3,828	6,268,502
Restricted for:			
Capital Projects	98,994		98,994
Unrestricted	(1,871,126)	51,849	(1,819,277)
Total Net Position	<u>\$ 4,492,542</u>	<u>\$ 55,677</u>	<u>\$ 4,548,219</u>

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

MAYWOOD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,693,070	\$ 140,927	\$ 1,375,050		\$ (9,177,093)		\$ (9,177,093)
Special Education	4,551,240	52,137	1,313,508		(3,185,595)		(3,185,595)
Other Instruction	502,848		375,242		(127,606)		(127,606)
School Sponsored Activities and Athletics	87,485		18,954		(68,531)		(68,531)
Community Services	6,209		1,424		(4,785)		(4,785)
Support Services							
Student and Instruction Related Svcs.	1,986,708		550,900		(1,435,808)		(1,435,808)
General Administrative Services	541,477		71,652		(469,825)		(469,825)
School Administrative Services	514,773		79,839		(434,934)		(434,934)
Plant Operations and Maintenance	1,841,985				(1,841,985)		(1,841,985)
Pupil Transportation	479,424		65,402		(414,022)		(414,022)
Central Services	402,566		61,025		(341,541)		(341,541)
Interest and Other Charges on Debt	358,390				(358,390)		(358,390)
Total Governmental Activities	21,966,175	193,064	3,912,996	-	(17,860,115)	-	(17,860,115)
Business-Type Activities							
Food Service	309,291	190,305	111,134	-		\$ (7,852)	(7,852)
Total Business-Type Activities	309,291	190,305	111,134	-	-	(7,852)	(7,852)
Total Primary Government	\$22,275,466	\$ 383,369	\$ 4,024,130	\$ -	(17,860,115)	(7,852)	(17,867,967)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					16,431,138		16,431,138
Taxes Levied for Debt Service					786,243		786,243
State Aid, Unrestricted					404,408		404,408
Investment Earnings					2,025		2,025
Miscellaneous Income					105,544		105,544
Total General Revenues					17,729,358	-	17,729,358
Change in Net Position					(130,757)	(7,852)	(138,609)
Net Position, Beginning of Year (Restated)					4,623,299	63,529	4,686,828
Net Position, End of Year					\$ 4,492,542	\$ 55,677	\$ 4,548,219

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

FUND FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,503,342	\$ 36,009			\$ 2,539,351
Due from Other Funds	32,048				32,048
Receivables, Net					
Intergovernmental	42,593				42,593
Total Assets	<u>\$ 2,577,983</u>	<u>\$ 36,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,613,992</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 699,972	\$ 6,761			\$ 706,733
Due to Other Funds	10,732	29,248			39,980
Unearned Revenue	1,250	-			1,250
Total Liabilities	<u>711,954</u>	<u>36,009</u>	<u>-</u>	<u>-</u>	<u>747,963</u>
Fund Balances					
Restricted for					
Capital Reserve	98,994				98,994
Excess Surplus	451,978				451,978
Excess Surplus -Designated for Subsequent Year's Expenditures	565,427				565,427
Committed					
Year-End Encumbrances	58,419				58,419
Assigned					
Designated for Subsequent Year's Expenditures	341,889				341,889
Year-End Encumbrances	61,720				61,720
ARRA/SEMI - Designated for Subsequent Year's Expenditures	2,058				2,058
Unassigned, Reported in					
General Fund	285,544				285,544
Total Fund Balances	<u>1,866,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,029</u>
Total Liabilities and Fund Balances	<u>\$ 2,577,983</u>	<u>\$ 36,009</u>	<u>\$ -</u>	<u>\$ -</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MAYWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances (Exhibit B-1) 1,866,029

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,221,749 and the accumulated depreciation is \$5,888,153.

16,333,596

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

558,478

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

	\$	87,895	
Deferred Outflows of Resources		(454,242)	
Deferred Inflows of Resources		<u> </u>	(366,347)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(120,246)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

	\$	(10,501,694)	
Bonds Payable		(125,706)	
Capital Leases Payable		(356,395)	
Compensated Absences Payable		<u>(2,795,173)</u>	(13,778,968)
Net Pension Liability			

	\$	<u>4,492,542</u>	
Net position of governmental activities			

MAYWOOD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 16,431,138			\$ 786,243	\$ 17,217,381
Tuition	140,927				140,927
Interest	2,025				2,025
Miscellaneous	105,544	\$ 2,518		-	108,062
Total - Local Sources	16,679,634	2,518		786,243	17,468,395
State Sources	2,589,177				2,589,177
Federal Sources	2,058	417,963			420,021
Total Revenues	19,270,869	420,481	-	786,243	20,477,593
EXPENDITURES					
Current					
Instruction					
Regular Instruction	9,953,113	29,373			9,982,486
Special Education Instruction	4,168,012	31,961			4,199,973
Other Instruction	348,018	113,117			461,135
School Sponsored Activities and Athletics	77,637				77,637
Community Services	5,469				5,469
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,595,069	246,030			1,841,099
General Administrative Services	426,849				426,849
School Administrative Services	476,921				476,921
Plant Operations and Maintenance	1,322,162				1,322,162
Pupil Transportation	475,551				475,551
Central Services	369,514				369,514
Capital Outlay	98,339				98,339
Debt Service					
Principal	31,147			425,000	456,147
Interest and Other Charges	3,614			361,243	364,857
Cost of Issuance of Refunding Bonds				77,284	77,284
Total Expenditures	19,351,415	420,481	-	863,527	20,635,423
Excess (Deficiency) of Revenues Over Expenditures	(80,546)	-	-	(77,284)	(157,830)
OTHER FINANCING SOURCES (USES)					
Payments to Refunding Escrow Agent				(1,580,969)	(1,580,969)
Refunding Bond Proceeds				1,600,000	1,600,000
Premium on Issuance of Refunding Bond	-	-	-	58,253	58,253
Total Other Financing Sources and Uses	-	-	-	77,284	77,284
Net Change in Fund Balances	(80,546)	-	-	-	(80,546)
Fund Balance, Beginning of Year	1,946,575	-	-	-	1,946,575
Fund Balance, End of Year	\$ 1,866,029	\$ -	\$ -	\$ -	\$ 1,866,029

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

**MAYWOOD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (80,546)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the statement of activities the costs of the assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays.

Depreciation Expense	(551,839)	
Acquisition of Capital Assets	<u>98,339</u>	
		(453,500)

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt.

Debt Issuance		
Refunding Bond Proceeds	(1,600,000)	
Principal Repayments		
Capital Leases	31,147	
General Obligation Bonds	425,000	
Payments to Refunding Escrow	<u>1,580,969</u>	
		437,116

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Premium on Refunding	(58,253)	
Amortization of Premium	41,038	
Amortization of Deferred Amount on Refunding	<u>(53,099)</u>	
		(70,314)

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(14,351)	
Decrease in Pension Expense	<u>32,310</u>	
		17,959

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>18,528</u>
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Change in net position of governmental activities (Exhibit A-2) \$ (130,757)

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

**MAYWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business- Type Activities Enterprise Funds Food Service	Governmental Activities Internal Service Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 39,347	\$ 3,142
Intergovernmental Accounts Receivable	7,135	
Due From Other Funds	10,732	
Other Accounts Receivable		4,583
Inventories	5,224	-
Total Current Assets	62,438	7,725
Capital Assets		
Furniture, Machinery and Equipment	19,435	
Less Accumulated Depreciation	(15,607)	-
Total Capital Assets, Net of Accumulated Depreciation	3,828	-
Total Assets	66,266	7,725
LIABILITIES		
Liabilities		
Accounts Payable	8,422	4,925
Due To Other Funds		2,800
Total Current Liabilities	8,422	7,725
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue	2,167	-
Total Liabilities and Deferred Inflows of Resources	10,589	7,725
NET POSITION		
Net Investment in Capital Assets	3,828	
Unrestricted	51,849	
Total Net Position	\$ 55,677	\$ -

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

**MAYWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Food Service	
OPERATING REVENUES		
Charges for Services		
Daily Sales	\$ 190,305	
Tuition Fees		\$ 52,137
	<hr/>	<hr/>
Total Operating Revenues	190,305	52,137
OPERATING EXPENSES		
Cost of Sales	133,986	
Salaries and Wages	118,459	33,509
Insurance	14,867	
Pension		1,839
Management Fee	19,595	
Purchased Professional - Educational Srvc.		16,789
Supplies and Materials	21,081	
Miscellaneous	22	
Depreciation	1,281	
	<hr/>	<hr/>
Total Operating Expenses	309,291	52,137
	<hr/>	<hr/>
Operating (Loss)	(118,986)	-
NONOPERATING REVENUES		
State Sources		
State School Lunch Program	3,401	
Federal Sources		
National School Lunch Program	82,161	
National School Lunch PB Program	4,578	
National School Breakfast Program	3,159	
USDA Commodities	17,835	
	<hr/>	<hr/>
Total Nonoperating Revenues	111,134	-
	<hr/>	<hr/>
Change in Net Position	(7,852)	-
Net Position, Beginning of Year	63,529	-
	<hr/>	<hr/>
Net Position, End of Year	\$ 55,677	\$ -
	<hr/> <hr/>	<hr/> <hr/>
Non-Cash Investing, Capital and Financing Activities		
Value Received - Food Distribution Program	\$ 20,002	
	<hr/> <hr/>	

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

**MAYWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Funds Food Service	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 190,305	\$ 49,025
Payments for Employees	(118,459)	(33,509)
Payments to Suppliers	(196,886)	(14,754)
Net Cash Provided (Used) For Operating Activities	(125,040)	762
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State and Federal Sources	122,458	
Net Cash Provided For Non-Capital Financing Activities	122,458	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(4,052)	
Net Cash Provided By Capital and Related Financing Activities	(4,052)	-
Net Increase in Cash and Cash Equivalents	(6,634)	762
Cash and Cash Equivalents—Beginning of Year	45,981	2,380
Cash and Cash Equivalents—End of Year	\$ 39,347	\$ 3,142
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ (118,986)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Depreciation	1,281	
(Increase) Decrease in Inventory	(456)	
(Increase) Decrease in Other Accounts Receivable		(3,112)
(Increase) Decrease in Due from Other Funds	(10,732)	
Increase/(Decrease) in Deferred Inflows of Resources	2,167	
Increase (Decrease) in Accounts Payable	1,686	3,874
Net Cash Provided (Used) For Operating Activities	\$ (125,040)	\$ 762

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

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 54,724	\$ 82,610
Total Assets	\$ 54,724	\$ 82,610
LIABILITIES		
Payable To Student Groups		\$ 9,733
Due to State of New Jersey	\$ 114	
Payroll Deductions and Withholdings	-	72,877
Total Liabilities	114	\$ 82,610
NET POSITION		
Held In Trust For Unemployment Claims	\$ 54,610	

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

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Employee Contributions	\$ 2,314
Total Additions	<u>2,314</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>2,059</u>
Total Deductions	<u>2,059</u>
Change in Net Position	255
Net Position, Beginning of Year	<u>54,355</u>
Net Position, End of Year	<u>\$ 54,610</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Maywood Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Maywood Board of Education this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for occupational and physical therapy services provided to other departments or agencies of the District, or to other Boards of Education, on a cost reimbursement basis.

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable 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 indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. *Cash, Cash Equivalents and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables*

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

The Maywood School District (Sending District) entered into an agreement with the Hackensack School District (Receiving District) regarding the appropriate tuition to be charged in future years 2010/11 through 2016/17 and to address issues regarding adjustments to tuition for school years 2007/08, 2010/11, 2012/13.

The parties agreed that the retroactive adjustment owed by the sending District to the receiving District amounts to \$950,901 shall be paid over a 10 year period. As such the Maywood School District is obligated to pay the receiving District an amount equal to \$95,090 per annum for years 2012/2013 through 2021/22.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 15, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$244,127. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$32,029 and \$26,390 from the general fund were made on February 18, 2015 and March 26, 2015 respectively.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 157,392
Increased by:	
Interest Earnings	21
Decreased by:	
Approved by Board Resolution	<u>58,419</u>
Balance, June 30, 2015	<u>\$ 98,994</u>

C. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$58,419 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$1,017,405. Of this amount, \$565,427 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$451,978 will be appropriated in the 2016/2017 original budget certified for taxes.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$2,719,174 and bank and brokerage firm balances of the Board's deposits amounted to \$2,826,433. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>2,826,433</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board has no deposits exposed to custodial risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Restricted	\$ 42,593	\$ 7,135		\$ 49,728
Other	-	-	\$ 4,583	4,583
Gross Receivables	42,593	7,135	4,583	54,311
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 42,593</u>	<u>\$ 7,135</u>	<u>\$ 4,583</u>	<u>\$ 54,311</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Total</u>
General Fund		
Program Fees	\$ 1,250	\$ 1,250
 Total Unearned Revenue for Governmental Funds	 <u>\$ 1,250</u>	 <u>\$ 1,250</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Increases	Decreases	Adjustments	Balance, June 30, 2015
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 15,522	-	-	-	\$ 15,522
Total Capital Assets, Not Being Depreciated	<u>15,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,522</u>
Capital Assets, Being Depreciated:					
Buildings	21,341,991				21,341,991
Improvements Other Than Buildings		\$ 3,712			3,712
Machinery and Equipment	<u>765,897</u>	<u>94,627</u>	<u>-</u>	<u>-</u>	<u>860,524</u>
Total Capital Assets Being Depreciated	<u>22,107,888</u>	<u>98,339</u>	<u>-</u>	<u>-</u>	<u>22,206,227</u>
Less Accumulated Depreciation for:					
Buildings	(4,576,409)	(533,550)			(5,109,959)
Improvements Other Than Buildings		(3,712)			(3,712)
Machinery and Equipment	<u>(759,905)</u>	<u>(14,577)</u>	<u>-</u>	<u>-</u>	<u>(774,482)</u>
Total Accumulated Depreciation	<u>(5,336,314)</u>	<u>(551,839)</u>	<u>-</u>	<u>-</u>	<u>(5,888,153)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,771,574</u>	<u>(453,500)</u>	<u>-</u>	<u>-</u>	<u>16,318,074</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,787,096</u>	<u>\$ (453,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,333,596</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,383	\$ 4,052	-	\$ 19,435
Total Capital Assets Being Depreciated	<u>15,383</u>	<u>4,052</u>	<u>-</u>	<u>19,435</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(14,326)</u>	<u>(1,281)</u>	<u>-</u>	<u>(15,607)</u>
Total Accumulated Depreciation	<u>(14,326)</u>	<u>(1,281)</u>	<u>-</u>	<u>(15,607)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,057</u>	<u>2,771</u>	<u>-</u>	<u>3,828</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,057</u>	<u>\$ 2,771</u>	<u>\$ -</u>	<u>\$ 3,828</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 8,895
Support Services	
School Administration	665
Operations And Maintenance Of Plant	537,262
Transportation	<u>5,017</u>
Total Support Services	<u>551,839</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 551,839</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,281</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Locker Replacement of Maywood Avenue School	None	\$ <u>58,419</u>
Total		\$ <u>58,419</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 29,248
General Fund	Internal Service Fund	2,800
Food Service Fund	General Fund	<u>10,732</u>
		\$ <u>42,780</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District entered into a lease agreement for technology infrastructure upgrades totaling \$187,311. The leases are for terms of 7 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 34,761
2017	34,761
2018	34,761
2019	14,514
2020	<u>14,514</u>
Total minimum lease payments	133,311
Less: amount representing interest	<u>(7,605)</u>
Present value of minimum lease payments	<u>\$ 125,706</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2015 are comprised of the following issues:

\$2,042,000, 2006 Bonds, due in annual installments of \$65,000 through August 15, 2015, interest at 4.375%	\$ 65,000
\$8,495,000, 2012 Refunding Bonds, due in annual installments of \$375,000 to \$650,000 through August 15, 2031, interest at 3.000% to 4.000%	8,415,000
\$1,600,000, 2015 Refunding Bonds, due in annual installments of \$20,000 to \$120,000 through August 15, 2031, interest at 2.000% to 3.750%	<u>1,600,000</u>
	<u>\$ 10,080,000</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2016	\$ 460,000	\$ 321,553	\$ 781,553
2017	460,000	317,851	777,851
2018	470,000	306,600	776,600
2019	485,000	293,100	778,100
2020	500,000	279,175	779,175
2021-2025	2,800,000	1,100,725	3,900,725
2026-2030	3,385,000	528,588	3,913,588
2031-2032	<u>1,520,000</u>	<u>49,313</u>	<u>1,569,313</u>
	<u>\$ 10,080,000</u>	<u>\$ 3,196,905</u>	<u>\$ 13,276,905</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 37,723,443
Less: Net Debt	<u>(10,080,000)</u>
Remaining Borrowing Power	<u>\$ 27,643,443</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Advance Refunding of Debt

On April 1, 2015, the District issued \$1,600,000 in Refunding School Bonds having interest rates of 2.00% to 3.75%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2006 School Bonds of the District. The total bond principal defeased was \$1,547,000 and the total interest payments defeased was \$679,210. The net proceeds of \$1,580,969 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$33,969. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 17 years by \$120,773 and resulted in an economic gain of \$95,392.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 10,452,000	\$ 1,600,000	\$ 1,972,000	\$ 10,080,000	\$ 460,000
Add: Unamortized Premium	404,479	58,253	41,038	421,694	-
Net Bonds Payable	10,856,479	1,658,253	2,013,038	10,501,694	460,000
Capital Leases	156,853		31,147	125,706	31,851
Compensated Absences	342,044	\$ 14,351		356,395	
Net Pension Liability	3,193,830	-	398,657	2,795,173	147,280
Governmental Activity Long-Term Liabilities	<u>\$ 14,549,206</u>	<u>\$ 1,672,604</u>	<u>\$ 2,442,842</u>	<u>\$ 13,778,968</u>	<u>\$ 639,131</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Pooled Insurance Program of New Jersey (PIP). The PIP is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

PIP provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 fiduciary trust fund for the current and previous two years:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015		\$ 2,314	\$ 2,059	\$ 54,610
2014		11,886	11,694	54,355
2013		11,920	28,095	54,163

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 131,988	\$ 304,121	\$ 16,997
2014	125,915	236,798	5,770
2013	130,485	360,897	3,695

For fiscal years 2014/2015 and 2012/2013, the state contributed \$304,121 and \$360,897, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$236,798 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$420,269 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,795,173 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .01492 percent, which was a decrease of .00179 percent from its proportionate share measured as of June 30, 2013.

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$99,678 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience		
Changes of Assumptions	\$ 87,895	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 166,577
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	287,665
	<hr/>	<hr/>
Total	<u>\$ 87,895</u>	<u>\$ 454,242</u>

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

Fiscal Year Ending <u>June 30,</u>	
2016	\$ (78,367)
2017	(78,367)
2018	(78,367)
2019	(78,367)
2020	(36,722)
Thereafter	<hr/> (16,157)
	<u>\$ (366,347)</u>

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,609,809 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$29,916,885. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

<u>TPAF</u>	
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 35,982,234</u>	<u>\$ 29,916,885</u>	<u>\$ 24,872,300</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire 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. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$482,793, \$388,260 and \$408,083, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Maywood Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Maywood Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$3,193,830. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$7,817,129 as originally reported to \$4,623,299 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 16,431,138		\$ 16,431,138	\$ 16,431,138	
Tuition	176,500		176,500	140,927	\$ (35,573)
Interest Earned on Capital Reserve Funds	59		59	21	(38)
Interest				2,004	2,004
Miscellaneous	941	-	941	105,544	104,603
Total Local Sources	16,608,638	-	16,608,638	16,679,634	70,996
State Sources					
Categorical Special Education Aid	739,286		739,286	739,286	
Equalization Aid	336,696		336,696	336,696	
Categorical Security Aid	19,367		19,367	19,367	
Categorical Transportation Aid	48,311		48,311	48,311	
PARCC Readiness Aid	12,790		12,790	12,790	
Per Pupil Growth Aid	12,790		12,790	12,790	
Extraordinary Aid	50,000		50,000	225,177	175,177
Reimbursed Non Public Transportation Aid				10,582	10,582
Homeless Tuition Aid Reimbursement				32,011	32,011
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				20,412	20,412
TPAF Pension Contribution (Non-Budget)					
Normal Cost				283,709	283,709
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				482,793	482,793
TPAF Social Security Contributions (Non-Budget)	-	-	-	420,269	420,269
Total State Sources	1,219,240	-	1,219,240	2,644,193	1,424,953
Federal Sources					
ARRA/SEMI	-	-	-	2,058	2,058
Total Federal Sources	-	-	-	2,058	2,058
Total Revenues	17,827,878	-	17,827,878	19,325,885	1,498,007
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	347,116	\$ (2,971)	344,145	343,990	155
Grades 1-5	2,120,385	(79,793)	2,040,592	2,040,589	3
Grades 6-8	1,400,398	(7,493)	1,392,905	1,392,905	-
Regular Programs - Home Instruction					
Purchased Professional & Educational Services	5,000	2,025	7,025	7,025	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	57,666	(57,485)	181	181	-
Other Purchased Services	107,573	(84,215)	23,358	22,001	1,357
General Supplies	176,863	98,803	275,666	259,937	15,729
Textbooks	35,000	101,445	136,445	126,674	9,771
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	-	-
Total Regular Programs	4,250,001	(29,684)	4,220,317	4,193,302	27,015
Learning and/or Language Disabilities					
Salaries of Teachers	82,400	6,770	89,170	89,111	59
Other Salaries for Instruction	44,365	(21,623)	22,742	22,742	-
General Supplies	250	47	297	297	-
Total Learning and/or Language Disabilities	127,015	(14,806)	112,209	112,150	59
Resource Room/Resource Center					
Salaries of Teachers	633,625	19,426	653,051	653,051	-
Other Salaries for Instruction	229,517	27,301	256,818	256,818	-
General Supplies	2,000	607	2,607	2,607	-
Total Resource Room/Resource Center	865,142	47,334	912,476	912,476	-

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Special Education Instruction - Autism					
Salaries of Teachers	\$ 162,411	\$ 71,810	\$ 234,221	\$ 234,221	\$ -
Other Salaries for Instruction	207,346	4,875	212,221	211,277	944
Purchased Professional - Educational Services	65,000	(7,849)	57,151	57,151	-
General Supplies	5,500	5,615	11,115	10,962	153
Total Autism	440,257	74,451	514,708	513,611	1,097
Preschool Disabilities - Part Time					
Salaries of Teachers	101,512	(1,805)	99,707	99,707	-
Other Salaries for Instruction	39,271	9,919	49,190	49,190	-
General Supplies	250	134	384	382	2
Total Preschool Disabilities Part Time	141,033	8,248	149,281	149,279	2
Total Special Education	1,573,447	115,227	1,688,674	1,687,516	1,158
Basic Skills/Remedial					
Salaries of Teachers	146,507	5,500	152,007	152,007	-
Total Basic Skills/Remedial	146,507	5,500	152,007	152,007	-
Bilingual Education					
Salaries of Teachers	72,615	741	73,356	73,356	-
General Supplies	80	11	91	91	-
Total Bilingual Education	72,695	752	73,447	73,447	-
School Sponsored Co-Curricular Activities					
Salaries	44,914	(7,487)	37,427	37,427	-
Other Purchased Services	2,500	(352)	2,148	2,148	-
Other Objects	3,000	-	3,000	2,733	267
Total School Sponsored Co-Curricular Activities	50,414	(7,839)	42,575	42,308	267
School Sponsored Athletics					
Salaries	15,965	(182)	15,783	15,783	-
Total School Sponsored Athletics	15,965	(182)	15,783	15,783	-
Community Services Programs/Operations					
Salaries	4,500	(500)	4,000	4,000	-
Total Community Services Programs/Operations	4,500	(500)	4,000	4,000	-
Total Instruction	6,113,529	83,274	6,196,803	6,168,363	28,440
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Regular	4,514,117	(267,730)	4,246,387	4,065,218	181,169
Tuition to Other LEAs w/i State - Special		2,500	2,500	2,500	-
Tuition to County Voc. School Dist-Reg	231,336	87,040	318,376	318,376	-
Tuition to County Voc. School Dist-Special	517,153	(36,123)	481,030	479,985	1,045
Tuition to CSSD & Reg. Day Schools	734,400	188,499	922,899	895,683	27,216
Tuition to Private State	682,312	(131,909)	550,403	535,212	15,191
Tuition - State Facilities	39,780	-	39,780	39,780	-
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	6,719,098	(157,723)	6,561,375	6,336,754	224,621

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Health Services					
Salaries	\$ 127,897	\$ 5,838	\$ 133,735	\$ 130,114	3,621
Supplies and Materials	2,500	3,210	5,710	5,102	\$ 608
Total Health Services	<u>130,397</u>	<u>9,048</u>	<u>139,445</u>	<u>135,216</u>	<u>4,229</u>
Speech, OT, PT & Related Services					
Salaries	26,492	10,455	36,947	36,947	
Purchased Prof. Ed. Services	191,000	1,823	192,823	185,289	7,534
Total Speech, OT, PT & Related Services	<u>217,492</u>	<u>12,278</u>	<u>229,770</u>	<u>222,236</u>	<u>7,534</u>
Other Support Services - Students - Extraordinary					
Purchased Professional - Educational Services	24,000	52,125	76,125	58,497	17,628
Total Other Supp.Serv. Student - Extraordinary	<u>24,000</u>	<u>52,125</u>	<u>76,125</u>	<u>58,497</u>	<u>17,628</u>
Guidance					
Salaries of Other Professional Staff	109,186	29,550	138,736	138,736	
Salaries of Secretarial & Clerical Assistants	21,684	976	22,660	22,660	-
Total Guidance	<u>130,870</u>	<u>30,526</u>	<u>161,396</u>	<u>161,396</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	380,232	(839)	379,393	378,662	731
Salaries of Secretarial & Clerical Assistants	55,270	2,205	57,475	57,293	182
Misc. Purchased Services	2,500	1,712	4,212	4,190	22
Supplies and Materials	-	2,670	2,670	2,558	112
Total Child Study Teams	<u>438,002</u>	<u>5,748</u>	<u>443,750</u>	<u>442,703</u>	<u>1,047</u>
Educational Media/School Library					
Salaries	92,776	4,104	96,880	96,880	-
Supplies and Materials	154,690	(14,301)	140,389	135,514	4,875
Total Educational Media/School Library	<u>247,466</u>	<u>(10,197)</u>	<u>237,269</u>	<u>232,394</u>	<u>4,875</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	3,000	2,175	5,175	5,175	-
Other Purchased Services	6,000	1,502	7,502	6,610	892
Total Instructional Staff Training Services	<u>9,000</u>	<u>3,677</u>	<u>12,677</u>	<u>11,785</u>	<u>892</u>

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Support Services General Administration					
Salaries	\$ 222,641	\$ (21,495)	\$ 201,146	\$ 201,146	
Legal Services	20,000	-	20,000	17,395	\$ 2,605
Audit Fees	20,800	(394)	20,406	19,915	491
Other Purchased Professional Services	10,000	(855)	9,145	2,450	6,695
Communications/Telephone	55,000	(9,051)	45,949	34,554	11,395
BOE Other Purchased Services	12,400	500	12,900	10,712	2,188
Misc. Purchased Services	2,749	166	2,915	2,915	-
Supplies and Materials	3,000	(586)	2,414	2,388	26
BOE In-House Training/Meeting Supplies	750	(343)	407	407	-
Miscellaneous Expenditures	500	1,202	1,702	1,702	-
BOE Membership Dues and Fees	10,000	(273)	9,727	9,727	-
Total Support Services General Administration	357,840	(31,129)	326,711	303,311	23,400
Support Services School Administration					
Salaries of Principals/Asst. Principals	224,126	-	224,126	224,126	
Salaries of Secretarial and Clerical Assistants	93,930	2,358	96,288	96,229	59
Other Purchased Services	13,353	(1,468)	11,885	11,018	867
Supplies and Materials	500	88	588	575	13
Total Support Services School Administration	331,909	978	332,887	331,948	939
Required Maintenance for School Facilities					
Salaries	101,755	95	101,850	101,850	-
Cleaning, Repair and Maintenance Services	119,500	72,100	191,600	174,106	17,494
General Supplies	22,500	829	23,329	15,711	7,618
Total Allowable Maintenance for School Facilities	243,755	73,024	316,779	291,667	25,112
Custodial Services					
Salaries	323,440	7,962	331,402	331,233	169
Salaries of Non-Instructional Aides	39,000	(2,901)	36,099	34,915	1,184
Insurance	89,142	5,569	94,711	94,711	-
General Supplies	25,000	3,825	28,825	28,825	-
Energy (Natural Gas)	162,950	(54,745)	108,205	101,461	6,744
Energy (Electricity)	148,000	(8,000)	140,000	133,495	6,505
Other Objects	5,500	(453)	5,047	4,908	139
Total Custodial Services	793,032	(48,743)	744,289	729,548	14,741
Student Transportation Services					
Salaries of Non-Instructional Aides		10,951	10,951	8,445	2,506
Salaries for Pupil Transport, (Between Home & School) - Special Ed		15,210	15,210	15,210	
Contracted Services - Aid In Lieu of Payment for Non-Public School Students	35,000	-	35,000	31,824	3,176
Contracted Services (Regular Education Students) - ESC's & CTAS	219,295	(10,608)	208,687	163,324	45,363
Contracted Services (Special Students) - ESC's & CTAS	376,621	38,629	415,250	291,528	123,722
Total Student Transportation Services	630,916	54,182	685,098	510,331	174,767
Central Services					
Salaries	171,418	(104)	171,314	171,314	-
Purchased Prof. Services	12,000	2,145	14,145	14,145	
Miscellaneous Purchased Services	3,153	339	3,492	3,492	
Supplies and Material	11,000	901	11,901	7,765	4,136
Miscellaneous Expenditures	750	53	803	803	-
Total Central Services	198,321	3,334	201,655	197,519	4,136

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Administration Information Technology					
Purchased Technical Services	\$ 85,600	\$ 31,417	\$ 117,017	\$ 109,065	\$ 7,952
Total Administration Information Technology	<u>85,600</u>	<u>31,417</u>	<u>117,017</u>	<u>109,065</u>	<u>7,952</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	155,000	18,291	173,291	154,731	18,560
Other Retirement Contributions - DCRP		17,420	17,420	16,997	423
Other Retirement Contributions - PERS	150,000	(8,604)	141,396	131,988	9,408
Unemployment Compensation	500	-	500	500	-
Worker's Compensation	59,672	23,864	83,536	83,536	-
Health Benefits	1,482,855	(28,227)	1,454,628	1,431,601	23,027
Tuition Reimbursement	28,000	-	28,000	19,542	8,458
Total Unallocated Benefits	<u>1,876,027</u>	<u>22,744</u>	<u>1,898,771</u>	<u>1,838,395</u>	<u>60,376</u>
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				20,412	(20,412)
TPAF Pension Contribution (Non-Budget)					
Normal Cost				283,709	(283,709)
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				482,793	(482,793)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	420,269	(420,269)
Total Undistributed Expenditures	<u>12,433,725</u>	<u>51,289</u>	<u>12,485,014</u>	<u>13,119,948</u>	<u>(634,934)</u>
Total Current Expenditures	<u>18,547,254</u>	<u>134,563</u>	<u>18,681,817</u>	<u>19,288,311</u>	<u>(606,494)</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	59	-	59	-	59
Facilities Acq. And Construction Services					
Construction Services		58,419	58,419		58,419
Assessment for Debt Service on SDA Funding	49,650	-	49,650	49,650	-
Total Facilities Acq. And Construction Services	<u>49,650</u>	<u>58,419</u>	<u>108,069</u>	<u>49,650</u>	<u>58,419</u>
Total Capital Outlay	<u>49,709</u>	<u>58,419</u>	<u>108,128</u>	<u>49,650</u>	<u>58,478</u>
Transfer of Funds to Charter School	13,454	-	13,454	13,454	-
Total General Fund	<u>18,610,417</u>	<u>192,982</u>	<u>18,803,399</u>	<u>19,351,415</u>	<u>(548,016)</u>

MAYWOOD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (782,539)	\$ (192,982)	\$ (975,521)	\$ (25,530)	\$ 949,991
Fund Balance, Beginning of Year	<u>2,154,659</u>	<u>-</u>	<u>2,154,659</u>	<u>2,154,659</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,372,120</u>	<u>\$ (192,982)</u>	<u>\$ 1,179,138</u>	<u>\$ 2,129,129</u>	<u>\$ 949,991</u>
Restricted Fund Balance					
Capital Reserve				\$ 98,994	
Excess Surplus				451,978	
Excess Surplus- Designated for Subsequent Years' Expenditures				565,427	
Committed Fund Balance					
Year-End Encumbrances				58,419	
Assigned Fund Balance					
Designated for Subsequent Years' Expenditures				341,889	
Year-End Encumbrances				61,720	
ARRA/SEM1- Unreserved-Designated for Subsequent Year's Expenditures				2,058	
Unassigned Fund Balance				<u>548,644</u>	
				2,129,129	
Reconciliation to Governmental Fund Statements (GAAP)					
2014/2015 State Aid and Extraordinary Aid Not Recognized on a GAAP Basis				<u>(263,100)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,866,029</u>	

**MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Other		\$ 2,500	\$ 2,500	\$ 2,500	
Federal Sources	\$ 363,576	48,645	412,221	412,221	\$ -
Total Revenues	<u>363,576</u>	<u>51,145</u>	<u>414,721</u>	<u>414,721</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	96,050	14,994	111,044	111,044	-
General Supplies	<u>32,721</u>	<u>24,926</u>	<u>57,647</u>	<u>57,647</u>	<u>-</u>
Total Instruction	<u>128,771</u>	<u>39,920</u>	<u>168,691</u>	<u>168,691</u>	<u>-</u>
Support Services					
Salaries of Secretarial and Clerical Asst.	8,500	1,500	10,000	10,000	-
Personal Services - Employee Benefits	15,827	6,278	22,105	22,105	-
Purchased Professional and Technical	208,778	(9,853)	198,925	198,925	-
Supplies and Materials	<u>1,700</u>	<u>13,300</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total Support Services	<u>234,805</u>	<u>11,225</u>	<u>246,030</u>	<u>246,030</u>	<u>-</u>
Total Expenditures	<u>363,576</u>	<u>51,145</u>	<u>414,721</u>	<u>414,721</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 19,325,885	\$ 414,721
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2014		5,760
June 30, 2015		
State aid payment recognized for GAAP purposes not recognized for GAAP statements. (2013/2014 Aid)	208,084	
State aid payment recognized for budgetary purposes not recognized for GAAP statements. (2014/2015 Aid)	(263,100)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 19,270,869</u>	<u>\$ 420,481</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 19,351,415	\$ 414,721
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 purposes.		
June 30, 2014		5,760
June 30, 2015	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 19,351,415</u>	<u>\$ 420,481</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MAYWOOD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01492 %	0.01671 %
District's Proportionate Share of the Net Pension Liability (Asset)	2,795,173	3,193,830
District's Covered-Employee Payroll	667,835	549,226
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	419%	582%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 131,988	\$ 125,915
Contributions in Relation to the Contractually Required Contributions	<u>131,988</u>	<u>125,915</u>
Contribution Deficiency (Excess)	-	-
District's Covered- Employee Payroll	667,835	549,226
Contributions as a Percentage of Covered-Employee Payroll	19.76%	22.93%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
 Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.05597 %	0.05585 %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 29,916,885</u>	<u>\$ 28,227,660</u>
Total	\$ 29,916,885	\$ 28,227,660
District's Covered-Employee Payroll	7,054,280	6,874,043
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MAYWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms:

None.

Change of Assumptions:

The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB III</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Hawks 5K Run Donation</u>	<u>BCUA Awareness</u>	<u>Grand Total</u>
REVENUES								
Intergovernmental								
Other						\$ 1,500	\$ 1,000	\$ 2,500
Federal	\$ 119,380	\$ 32,635	10,507	\$ 239,832	\$ 9,867	-	-	412,221
Total Revenues	<u>\$ 119,380</u>	<u>\$ 32,635</u>	<u>\$ 10,507</u>	<u>\$ 239,832</u>	<u>\$ 9,867</u>	<u>\$ 1,500</u>	<u>\$ 1,000</u>	<u>\$ 414,721</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 82,000	\$ 17,094		\$ 11,950				\$ 111,044
General Supplies	20,097	6,300	8,750	20,000	-	\$ 1,500	\$ 1,000	57,647
Total Instruction	<u>102,097</u>	<u>23,394</u>	<u>8,750</u>	<u>31,950</u>	<u>-</u>	<u>1,500</u>	<u>1,000</u>	<u>168,691</u>
Support Services								
Salaries of Sec. and Clerical Asst.				10,000				10,000
Personal Services-Employee Benefits	17,283	3,143		1,679				22,105
Purchased Prof. and Tech. Services		6,098	1,757	181,203	\$ 9,867			198,925
Supplies and Materials	-	-	-	15,000	-	-	-	15,000
Total Support Services	<u>17,283</u>	<u>9,241</u>	<u>1,757</u>	<u>207,882</u>	<u>9,867</u>	<u>-</u>	<u>-</u>	<u>246,030</u>
Non-Instructional Equipment	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 119,380</u>	<u>\$ 32,635</u>	<u>\$ 10,507</u>	<u>\$ 239,832</u>	<u>\$ 9,867</u>	<u>\$ 1,500</u>	<u>\$ 1,000</u>	<u>\$ 414,721</u>

**MAYWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

MAYWOOD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Transferred</u>	<u>Cancelled</u>	<u>Balance, June 30, 2015</u>
			<u>Prior Years</u>	<u>Current Year</u>			
Maywood Ave. School - Upgrade to front stairs and replacement of stairs and retaining wall at northeast end of school adjacent to the baseball diamond	\$ 170,058	\$ 140,213	\$ 93,143	\$ -	\$ 27,981	\$ 19,089	\$ -
	<u>\$ 170,058</u>	<u>\$ 140,213</u>	<u>\$ 93,143</u>	<u>\$ -</u>	<u>\$ 27,981</u>	<u>\$ 19,089</u>	<u>\$ -</u>

Analysis of Appropriations

Maywood Ave. School - Upgrade to front stairs and replacement of stairs and retaining wall at northeast end of school adjacent to the baseball diamond

SDA Grant	\$ 38,178
Capital Reserve	<u>102,035</u>
	<u>\$ 140,213</u>

**MAYWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Expenditures and Other Financing Uses	
Cancelled SDA Grants Receivable	<u>19,089</u>
Total Expenditures and Other Financing Uses	<u>19,089</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(19,089)
Fund Balance - Beginning of Year	\$ <u>19,089</u>
Fund Balance- End of Year	<u>\$ -</u>

**MAYWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
MAYWOOD AVE. SCHOOL - UPGRADE TO FRONT STAIRS AND REPLACEMENT
WALL AT NORTHEAST END OF SCHOOL ADJACENT TO THE BASEBALL DIAMOND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 38,178	\$ (19,089)	\$ 19,089	\$ 19,089
Capital Reserve	<u>102,035</u>	<u>-</u>	<u>102,035</u>	<u>102,035</u>
 Total Revenues	 140,213	 (19,089)	 121,124	 121,124
EXPENDITURES AND OTHER FINANCING SOURCES				
Transferred to General Fund - Capital Reserve	27,981		27,981	27,981
Construction Services	<u>93,143</u>	<u>-</u>	<u>93,143</u>	<u>93,143</u>
 Total Expenditures and Other Financing Uses	 <u>121,124</u>	 <u>-</u>	 <u>121,124</u>	 <u>121,124</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ 19,089</u>	 <u>\$ (19,089)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	#3060-060-09-1001
Grant Date	5/27/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	\$ 38,178
Capital Reserve	102,035
Original Authorized Cost	\$ 140,213
Local Share - Capital Reserve	-
Revised Authorized Cost	\$ 140,213

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	09/10
Completion Date	10/11

PROPRIETARY FUNDS

EXHIBIT G-1

**MAYWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

EXHIBIT G-4

**MAYWOOD BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-5

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-6

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**MAYWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY NET POSITION
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	\$ 9,733	\$ 72,877	\$ 82,610
Total Assets	<u>\$ 9,733</u>	<u>\$ 72,877</u>	<u>\$ 82,610</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 72,877	\$ 72,877
Due to Student Groups	<u>\$ 9,733</u>	<u>-</u>	<u>9,733</u>
Total Liabilities	<u>\$ 9,733</u>	<u>\$ 72,877</u>	<u>\$ 82,610</u>

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**MAYWOOD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>School</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
ELEMENTARY SCHOOLS	\$ 10,193	\$ 77,511	\$ 77,971	\$ 9,733

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
Payroll Deductions and Withholdings	\$ 4,907	\$ 3,970,710	\$ 3,902,740	\$ 72,877
Accrued Salaries and Wages	-	4,952,624	4,952,624	-
Total	\$ 4,907	\$ 8,923,334	\$ 8,855,364	\$ 72,877

LONG-TERM DEBT

MAYWOOD BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Maturities		Interest Rate	Balance, July 1, 2014	Issued	Retired	Balance, June 30, 2015
			Date	Amount					
School District Bonds	8/15/2006	\$ 2,042,000	8/15/15	65,000	4.375%	\$ 1,677,000		\$ 1,612,000	\$ 65,000
School District Bonds	8/15/2005	\$ 10,000,000				320,000		320,000	
Refunding School District Bonds	9/27/2012	\$ 8,495,000	8/15/15	\$ 375,000	3.000%				
			8/15/16	380,000	3.000%				
			8/15/17	390,000	3.000%				
			8/15/18	400,000	3.000%				
			8/15/19	415,000	3.000%				
			8/15/20	430,000	4.000%				
			8/15/21	450,000	4.000%				
			8/15/22	465,000	4.000%				
			8/15/23	485,000	4.000%				
			8/15/24	505,000	4.000%				
			8/15/25	520,000	4.000%				
			8/15/26	550,000	4.000%				
			8/15/27	570,000	3.000%				
			8/15/28	590,000	3.125%				
			8/15/29	610,000	3.000%				
			8/15/30	630,000	3.125%				
8/15/31	650,000	3.125%			8,455,000		40,000	8,415,000	
Refunding School District Bonds	3/11/2015	\$ 1,600,000	8/15/15	20,000	2.00%				
			8/15/16-8/15/17	80,000	2.00%				
			8/15/18-8/15/19	85,000	2.00-3.00%				
			8/15/21-8/15/22	90,000	3.00%				
			8/15/23-8/15/24	100,000	3.00%				
			8/15/25-8/15/26	105,000	3.00-3.50%				
			8/15/27-8/15/28	110,000	3.50-3.75%				
			8/15/2029	115,000	3.75%				
			8/15/30-8/15/31	120,000	3.75%				
								-	1,600,000
					<u>\$ 10,452,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,972,000</u>	<u>\$ 10,080,000</u>	
						Budget Appropriation	\$ 425,000		
						Refunded	<u>1,547,000</u>		
							<u>\$ 1,972,000</u>		

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Technology Infrastructure Upgrades	2.10%	\$ 92,155	\$ 79,945		\$ 12,515	\$ 67,430
Technology Infrastructure Upgrades	2.10%	95,156	<u>76,908</u>	-	<u>18,632</u>	<u>58,276</u>
			<u>\$ 156,853</u>	<u>\$ -</u>	<u>\$ 31,147</u>	<u>\$ 125,706</u>

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Final Budget - Positive
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 786,243	-	\$ 786,243	\$ 786,243	-
Total Revenues	786,243	-	786,243	786,243	-
EXPENDITURES:					
Regular Debt Service:					
Interest	361,243		361,243	361,243	
Redemption of Principal	425,000		425,000	425,000	
Cost of Issuance on Refunding		-		77,284	\$ (77,284)
Total Regular Debt Service	786,243	-	786,243	863,527	(77,284)
Total Expenditures	786,243	-	786,243	863,527	(77,284)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(77,284)	(77,284)
OTHER FINANCING SOURCES(USES)					
Payments to Refunding Escrow Agent				(1,580,969)	(1,580,969)
Refunding Bond Proceeds				1,600,000	1,600,000
Premium on Issuance of Refunding				58,253	58,253
Total Other Financing Sources (Uses)	-	-	-	77,284	77,284
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**MAYWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SCHOOL LOANS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

MAYWOOD BOARD OF EDUCATION
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities							(Restated)		(Restated)	
Net Investment in Capital Assets	\$ 2,337,541	\$ 4,933,886	\$ 7,307,083	\$ 7,801,275	\$ 7,552,501	\$ 7,352,355	\$ 7,003,453	\$ 6,459,888	\$ 6,351,372	\$ 6,264,674
Restricted	365,092	238,692	382,891	392,085	126,904	30,490	30,489	156,908	157,392	98,994
Unrestricted	1,535,302	2,755,821	2,025,908	1,541,699	1,256,573	581,369	1,586,718	1,757,565	(1,885,465)	(1,871,126)
Total Governmental Activities Net Position	\$ 4,237,935	\$ 7,928,399	\$ 9,715,882	\$ 9,735,059	\$ 8,915,978	\$ 7,964,214	\$ 8,620,660	\$ 8,374,361	\$ 4,623,299	\$ 4,492,542
Business-Type Activities										
Net Investment in Capital Assets	\$ 9,235	\$ 8,015	\$ 6,794	\$ 5,765	\$ 4,736	\$ 3,708	\$ 2,679	\$ 1,849	\$ 1,057	\$ 3,828
Restricted										
Unrestricted	32,091	42,882	54,738	75,402	79,997	73,006	70,020	62,360	62,472	51,849
Total Business-Type Activities Net Position	\$ 41,326	\$ 50,897	\$ 61,532	\$ 81,167	\$ 84,733	\$ 76,714	\$ 72,699	\$ 64,209	\$ 63,529	\$ 55,677
District-Wide										
Net Investment in Capital Assets	\$ 2,346,776	\$ 4,941,901	\$ 7,313,877	\$ 7,807,040	\$ 7,537,237	\$ 7,356,063	\$ 7,006,132	\$ 6,461,737	\$ 6,352,429	\$ 6,268,502
Restricted	365,092	238,692	382,891	392,085	126,904	30,490	30,489	156,908	157,392	98,994
Unrestricted	1,567,393	2,798,703	2,080,646	1,617,101	1,336,570	654,375	1,656,738	1,819,925	(1,822,993)	(1,819,277)
Total District Net Position	\$ 4,279,261	\$ 7,979,296	\$ 9,777,414	\$ 9,816,226	\$ 9,000,711	\$ 8,040,928	\$ 8,693,359	\$ 8,438,570	\$ 4,686,828	\$ 4,548,219

MAYWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012 (Restated)	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 7,472,441	\$ 8,210,689	\$ 8,872,609	\$ 8,937,225	\$ 9,055,024	\$ 9,321,274	\$ 9,086,275	\$ 10,006,804	\$ 10,037,129	\$ 10,693,070
Special Education	2,438,761	2,012,977	2,282,687	3,067,165	3,715,058	3,901,969	4,013,917	4,021,871	3,958,848	4,551,240
Other Instruction	260,912	318,400	291,980	312,599	389,244	353,942	329,383	359,908	454,611	502,848
School Sponsored Activities And Athletics	56,639	62,746	65,134	93,284	83,706	76,050	82,774	78,862	79,495	87,485
Community Services	5,437	5,191	5,643	2,279	10,236	6,657	5,706	5,467	5,360	6,209
Support Services:										
Student & Instruction Related Services	1,485,824	1,649,710	1,925,644	1,591,250	1,672,209	1,652,381	1,507,020	1,483,678	1,601,467	1,986,708
School Administrative Services	479,604	445,056	457,822	466,595	407,567	348,930	342,535	450,340	465,467	514,773
General Administration	372,351	410,771	472,376	533,177	435,796	436,662	472,926	515,546	440,689	541,477
Central Services	323,773	398,713	403,949	389,981	403,286	397,028	355,980	349,152	301,508	402,566
Plant Operations And Maintenance	1,266,665	1,244,296	1,518,233	1,693,396	1,649,942	1,539,458	1,545,918	1,597,406	1,733,694	1,841,985
Pupil Transportation	491,281	565,684	495,837	469,080	539,216	651,401	528,471	544,751	574,252	479,424
Other Support Services										
Charter Schools					13,948					
Interest On Long-Term Debt	337,066	557,119	526,198	504,798	493,578	483,349	469,473	363,864	391,334	358,390
Total Governmental Activities Expenses	14,990,754	15,881,352	17,318,112	18,060,829	18,870,810	19,169,101	18,740,378	19,777,649	20,043,854	21,966,175
Business-Type Activities:										
Food Service	202,709	202,441	234,499	229,567	241,675	261,405	237,113	305,266	302,132	309,291
Total Business-Type Activities Expense	202,709	202,441	234,499	229,567	241,675	261,405	237,113	305,266	302,132	309,291
Total District Expenses	\$ 15,193,463	\$ 16,083,793	\$ 17,552,611	\$ 18,290,396	\$ 19,112,485	\$ 19,430,506	\$ 18,977,491	\$ 20,082,915	\$ 20,345,986	\$ 22,275,466
Program Revenues										
Governmental Activities:										
Operating Grants And Contributions	\$ 2,341,181	\$ 2,534,789	\$ 2,879,075	\$ 2,095,604	\$ 2,786,369	\$ 2,250,379	\$ 2,556,671	\$ 2,908,771	\$ 2,402,554	\$ 3,912,996
Charges For Services				\$ 120,275	235,356	258,023	336,000	357,952	163,697	193,064
Capital Grants And Contributions	516,921	2,527,886	1,697,138	793,115	-	95,285	-	-	-	-
Total Governmental Activities Program Revenues	2,858,102	5,062,675	4,576,213	3,008,994	3,021,725	2,603,687	2,892,671	3,266,723	2,566,251	4,106,060
Business-Type Activities:										
Charges For Services										
Food Service	151,996	152,605	177,953	175,161	159,125	165,729	149,747	180,580	191,014	190,305
Operating Grants And Contributions	46,674	59,407	65,192	73,132	85,411	86,941	83,351	116,196	110,438	111,134
Total Business Type Activities Program Revenues	198,670	212,012	243,145	248,293	244,536	252,670	233,098	296,776	301,452	301,439
Total District Program Revenues	\$ 3,056,772	\$ 5,274,687	\$ 4,819,358	\$ 3,257,287	\$ 3,266,261	\$ 2,856,357	\$ 3,125,769	\$ 3,563,499	\$ 2,867,703	\$ 4,407,499
Net (Expense)/Revenue										
Governmental Activities	\$ (12,132,652)	\$ (10,818,677)	\$ (12,741,899)	\$ (15,052,106)	\$ (15,849,085)	\$ (16,565,414)	\$ (15,847,707)	\$ (16,510,926)	\$ (17,477,603)	\$ (17,860,115)
Business-Type Activities	(4,039)	9,571	8,646	18,726	2,861	(8,735)	(4,015)	(8,490)	(680)	(7,852)
Total District-Wide Net Expense	\$ (12,136,691)	\$ (10,809,106)	\$ (12,733,253)	\$ (15,033,380)	\$ (15,846,224)	\$ (16,574,149)	\$ (15,851,722)	\$ (16,519,416)	\$ (17,478,283)	\$ (17,867,967)

MAYWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012 (Restated)	2013	2014	2015
Expenses										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 12,682,563	\$ 13,037,857	\$ 13,475,915	\$ 13,769,952	\$ 14,193,939	\$ 14,845,635	\$ 15,142,548	\$ 15,415,114	\$ 15,723,416	\$ 16,431,138
Taxes Levied For Debt Service	157,334	642,041	690,485	705,605	653,269	711,689	809,705	810,439	753,943	786,243
State Aid, Unrestricted	151,947	156,263	187,900	503,987	77,891	6,322	51,116	20,721	431,422	404,408
Investment Earnings	436,940	576,739	164,512	42,402	18,982	22,545	2,327	2,495	6,428	2,025
Donation of Capital Assets									3,327	
Miscellaneous Income	17,692	93,992	10,570	49,337	85,923	27,459	498,457	15,858	1,835	105,544
Premium on Bond Sale	-	2,249	-	-	-	-	-	-	-	-
Total Governmental Activities	13,446,476	14,509,141	14,529,382	15,071,283	15,030,004	15,613,650	16,504,153	16,264,627	16,920,371	17,729,358
Business-Type Activities:										
Investment Earnings	-	-	1,989	909	705	716	-	-	-	-
Total Business-Type Activities	-	-	1,989	909	705	716	-	-	-	-
Total District-Wide	\$ 13,446,476	\$ 14,509,141	\$ 14,531,371	\$ 15,072,192	\$ 15,030,709	\$ 15,614,366	\$ 16,504,153	\$ 16,264,627	\$ 16,920,371	\$ 17,729,358
Change in Net Position										
Governmental Activities	\$ 1,313,824	\$ 3,690,464	\$ 1,787,483	\$ 19,177	\$ (819,081)	\$ (951,764)	\$ 656,446	\$ (246,299)	\$ (557,232)	\$ (130,757)
Business-Type Activities	(4,039)	9,571	10,635	19,635	3,566	(8,019)	(4,015)	(8,490)	(680)	(7,852)
Total District	\$ 1,309,785	\$ 3,700,035	\$ 1,798,118	\$ 38,812	\$ (815,515)	\$ (959,783)	\$ 652,431	\$ (254,789)	\$ (557,912)	\$ (138,609)

**MAYWOOD BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,879,633	\$ 2,944,604	\$ 2,397,281	\$ 2,188,380	\$ 1,413,252					
Unreserved	353,246	344,347	430,161	199,248	339,671					
Restricted						618,048	\$ 1,081,033	\$ 1,431,394	\$ 1,194,182	\$ 1,116,399
Committed										58,419
Assigned						240,892	834,777	548,558	445,739	405,667
Unassigned	-	-	-	-	-	215,518	161,082	326,658	306,654	285,544
Total General Fund	\$ 2,232,879	\$ 3,288,951	\$ 2,827,442	\$ 2,387,628	\$ 1,752,923	\$ 1,074,458	\$ 2,076,892	\$ 2,306,610	\$ 1,946,575	\$ 1,866,029
All Other Governmental Funds										
Reserved	\$ 15,057,400	\$ 3,202,297	\$ 244		\$ 87,000					
Unreserved	(5,320,582)	(1,603,628)	(609,303)	96,658	\$ 103,521					
Restricted						2	\$ 1	\$ 29,516	\$ -	\$ -
Committed										
Assigned										
Unassigned	-	-	-	-	-	96,904	96,904	-	-	-
Total All Other Governmental Funds	\$ 9,736,818	\$ 1,598,669	\$ (609,059)	\$ 96,658	\$ 190,521	\$ 96,906	\$ 96,905	\$ 29,516	\$ -	\$ -

MAYWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 12,839,897	\$ 13,679,898	\$ 14,166,400	\$ 14,475,557	\$ 14,847,208	\$ 15,557,324	\$ 15,952,253	\$ 16,225,553	\$ 16,477,359	\$ 17,217,381
Tuition				\$ 120,275	235,356	188,422	269,286	291,331	121,155	140,927
Interest Earnings	436,940	576,739	164,512	42,402	18,982	22,545	2,327	2,495	6,428	2,025
Miscellaneous	17,692	93,992	10,570	60,337	85,923	28,959	499,457	17,358	4,059	108,062
State Sources	2,508,121	4,873,862	4,431,791	3,018,264	2,192,910	1,840,778	2,137,631	2,535,876	2,419,493	2,589,177
Federal Sources	501,928	345,075	332,322	363,172	671,350	509,708	469,156	392,116	412,259	420,021
Total Revenue	16,304,578	19,569,566	19,105,595	18,080,007	18,051,729	18,147,736	19,330,110	19,464,729	19,440,753	20,477,593
Expenditures										
Instruction										
Regular Instruction	7,373,142	8,262,468	8,878,090	8,788,737	8,929,499	9,192,597	8,966,784	10,008,585	9,979,107	9,982,486
Special Education Instruction	2,455,022	2,011,325	2,281,013	3,055,664	3,703,136	3,820,460	3,935,295	3,955,250	3,916,306	4,199,973
Other Instruction	260,912	318,400	291,980	312,599	389,244	353,942	329,383	359,908	454,611	461,135
School Sponsored Activities and Athletics	56,639	62,746	65,134	77,506	83,570	75,914	82,638	78,862	79,495	77,637
Community Services	5,437	5,191	5,643	2,279	10,236	6,657	5,706	5,467	5,360	5,469
Support Services:										
Student and Inst. Related Services	1,440,248	1,667,600	1,921,782	1,604,482	1,653,205	1,634,654	1,488,766	1,480,094	1,599,569	1,841,099
General Administration	475,273	455,958	472,373	532,833	435,508	436,220	383,776	403,050	439,954	426,849
School Administrative Services	393,619	419,082	435,494	463,413	402,089	348,066	341,922	449,797	464,825	476,921
Central Services	347,103	397,599	404,519	389,981	406,273	400,382	357,539	359,599	294,265	369,514
Plant Operations And Maintenance	1,220,005	1,169,763	1,454,669	1,294,812	1,198,235	1,098,934	1,097,691	1,060,154	1,201,014	1,322,162
Pupil Transportation	491,281	565,684	495,837	469,080	539,216	651,401	528,471	544,751	574,252	475,551
Other Support Services										
Charter Schools					13,948					
Capital Outlay	896,097	12,514,355	4,205,340	17,113	175,144	92,243			3,327	98,339
Debt Service:										
Payments to Refunding Escrow Agent								661,275		
Cost of Issuance of Refunding Bonds								101,795		77,284
Principal	135,439	151,041	286,786	297,766	155,000	320,000	335,000	350,000	435,458	456,147
Interest and Other Charges	21,895	650,998	565,175	507,839	498,268	488,346	474,706	394,193	382,761	364,857
Total Expenditures	15,572,112	28,652,210	21,763,835	17,814,104	18,592,571	18,919,816	18,327,677	20,212,780	19,830,304	20,635,423
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	732,466	(9,082,644)	(2,658,240)	265,903	(540,842)	(772,080)	1,002,433	(748,051)	(389,551)	(157,830)

MAYWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Payments to Refunding Escrow Agent								\$ (8,235,000)		(1,580,969)
Refunding Bonds Proceeds								8,495,000		1,600,000
Premium on Issuance of Refunding Bond								463,069		58,253
Capital Leases (Non-Budgeted)								187,311		
Proceeds From Bond Sale	\$10,000,000	\$ 2,042,000								
Cost of Issuance	(62,934)	(43,682)	\$ (10,997)							
Premium on Sale of Bonds		2,249								
Transfers In	311,476	304,593	460,762	\$ 104,245	\$ 361,345			96,904		
Transfers Out	(311,476)	(304,593)	(460,762)	(104,245)	(361,345)	-	-	(96,904)	-	-
Total Other Financing Sources (Uses)	<u>9,937,066</u>	<u>2,000,567</u>	<u>(10,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>910,380</u>	<u>-</u>	<u>77,284</u>
Net Change in Fund Balances	<u>\$10,669,532</u>	<u>\$ (7,082,077)</u>	<u>\$ (2,669,237)</u>	<u>\$ 265,903</u>	<u>\$ (540,842)</u>	<u>\$ (772,080)</u>	<u>\$ 1,002,433</u>	<u>\$ 162,329</u>	<u>\$ (389,551)</u>	<u>\$ (80,546)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.07%	4.97%	4.85%	4.53%	3.55%	4.29%	4.42%	3.68%	4.13%	4.00%

* Noncapital expenditures are total expenditures less capital outlay.

**MAYWOOD BOARD OF EDUCATION
GENERAL FUND
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Prior Year Accounts Payable Cancelled</u>	<u>Tuition</u>	<u>Misc.</u>	<u>Total</u>
2006	\$ 125,464			\$ 17,201	\$ 142,665
2007	274,395			92,992	367,387
2008	5,675			7,245	12,920
2009	38,154		\$ 120,275	31,337	189,766
2010	18,982		235,356	79,923	334,261
2011	22,545		188,422	27,459	238,426
2012	2,327	\$ 448,456	269,286	50,001	770,070
2013	2,495		291,331	12,588	306,414
2014	6,428		121,155	1,835	129,418
2015	2,025	14,519	140,927	93,543	251,014

Source: District's financial records

**MAYWOOD BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 3,569,800	\$ 489,581,100	\$ 50,903,300	\$ 50,194,400	\$ 23,459,900	\$ 617,708,500	\$ 508,699	\$ 618,217,199	\$1,352,991,631	\$ 2.150
2007	3,796,700	490,580,700	48,204,400	50,194,400	23,159,900	615,936,100	418,145	616,354,245	1,401,442,121	2.256
2008	10,218,100	1,131,820,000	119,258,700	110,343,600	59,479,500	1,431,119,900	418,145	1,431,538,045	1,414,510,831	1.017
2009	8,993,200	1,127,099,000	120,968,100	110,343,600	59,479,500	1,426,883,400	1,326,499	1,428,209,899	1,414,905,763	1.025
2010	8,245,300	1,123,410,200	123,677,300	109,286,400	55,811,700	1,420,430,900	1,875,053	1,422,305,953	1,368,928,001	1.072
2011	9,543,300	1,123,414,000	119,176,800	104,769,000	53,635,600	1,410,538,700	1,406,988	1,409,945,788	1,395,595,810	1.122
2012	12,865,700	864,613,100	118,993,500	95,232,000	52,484,700	1,144,189,000	1,364,594	1,145,553,594	1,243,838,007	1.405
2013	11,701,800	865,585,900	118,885,500	90,696,900	52,484,700	1,139,354,800	626,290	1,139,981,090	1,280,476,904	1.436
2014	10,749,900	866,685,400	121,041,800	91,765,500	52,484,700	1,142,727,300	92,580	1,142,819,880	1,240,874,253	1.477
2015	10,749,900	868,321,900	121,041,800	106,765,500	52,484,700	1,159,363,800	60,490	1,159,424,290	1,287,462,683	1.516

Source: County Abstract of Ratables

^a Tax rates are per \$100

**MAYWOOD BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2006	\$ 3.880	\$ 2.150	\$ 1.381	\$ 0.349
2007	4.120	2.256	1.487	0.377
2008	1.871	1.001	0.688	0.182
2009	1.943	1.025	0.728	0.190
2010	2.047	1.072	0.787	0.188
2011	2.147	1.112	0.831	0.204
2012	2.678	1.405	1.036	0.237
2013	2.744	1.436	1.057	0.251
2014	2.782	1.477	1.054	0.251
2015	2.822	1.516	1.039	0.267

Source: Tax Duplicate, Borough of Maywood

**MAYWOOD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Kin Properties Inc.	\$ 22,434,400	1.96%	\$ 11,387,200	1.97%
Vornado Bergen Mall, LLC	21,032,000	1.84%		
Stephan Company	14,592,700	1.28%	12,146,600	1.84%
Adler (etal), Myron	11,884,500	1.04%	9,290,500	1.50%
Maybrook Gardens	10,482,600	0.92%	5,525,100	0.89%
Maywood Developers, LLC	10,243,500	0.90%	3,643,100	0.59%
Essex Gardens, LLC	10,233,700	0.90%		
S.W.S. Realty	8,000,000	0.70%	4,715,700	0.76%
Maywood Health Care Realty LLC	7,909,000	0.69%		
1st Real Estate	7,120,000	0.62%	3,232,700	0.52%
Simon Property Tax Dept.			4,023,700	0.65%
Bank of New York			3,859,900	0.62%
Individual Taxpayer			3,718,400	0.60%
	<u>\$ 123,932,400</u>	<u>10.84%</u>	<u>\$ 61,542,900</u>	<u>9.94%</u>

Source: Municipal Tax Assessor

**MAYWOOD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 12,839,897	\$ 12,839,897	100.00%	-
2007	13,679,898	13,679,898	100.00%	-
2008	14,166,400	14,166,400	100.00%	-
2009	14,475,557	14,475,557	100.00%	-
2010	14,847,208	14,847,208	100.00%	-
2011	15,557,324	15,557,324	100.00%	-
2012	15,952,253	15,952,253	100.00%	-
2013	16,225,553	16,225,553	100.00%	-
2014	16,477,359	16,477,359	100.00%	-
2015	17,217,381	17,217,381	100.00%	-

Source: District's financial records

**MAYWOOD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 10,000,000	\$ 440,590	\$ 10,000	N/A	N/A	\$ 10,450,590	9,181	\$ 1,138	
2007	12,042,000	299,549	-	N/A	N/A	12,341,549	9,139	1,307	
2008	11,902,000	152,765	-	N/A	N/A	12,054,765	9,112	1,323	
2009	11,757,000	-	-	N/A	N/A	11,757,000	9,144	1,286	
2010	11,602,000	-	-	N/A	N/A	11,602,000	9,566	1,213	
2011	11,282,000	-	-	N/A	N/A	11,282,000	9,618	1,173	
2012	10,947,000	-	-	N/A	N/A	10,947,000	9,588	1,142	
2013	10,857,000	-	187,311	N/A	N/A	11,044,311	9,687	1,140	
2014	10,452,000	-	156,853	N/A	N/A	10,608,853	9,746	1,089	
2015	10,080,000	-	125,706	N/A	N/A	10,205,706	9,746 *	1,047	

Source: District records

*Estimate

MAYWOOD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 10,000,000	-	\$ 12,042,000	1.96%	\$ 1,318
2007	12,042,000				
2008	11,902,000	-	11,902,000	0.83%	1,306
2009	11,757,000	-	11,757,000	0.82%	1,286
2010	11,602,000	-	11,602,000	0.82%	1,213
2011	11,282,000	-	11,282,000	0.80%	1,173
2012	10,947,000	-	10,947,000	0.96%	1,142
2013	10,857,000	-	10,857,000	0.95%	1,152
2014	10,452,000	-	10,452,000	0.91%	1,089
2015	10,080,000	-	10,080,000	0.91%	1,047 *

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.
- * Estimate

**MAYWOOD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Maywood School District	\$ 10,027,000	\$ 10,027,000	
Borough of Maywood	<u>12,763,761</u>	<u>379,216</u>	<u>\$ 12,384,545</u>
Total Direct Debt	<u>\$ 22,790,761</u>	<u>\$ 10,406,216</u>	12,384,545
Overlapping Debt Apportioned to the Municipality:			
Bergen County: (3);(A):			
County of Bergen (A)			7,136,488
Bergen County Utilities Authority - Water Pollution (B)			<u>4,537,614</u>
			<u>11,674,102</u>
Total Direct and Overlapping Debt			<u>\$ 24,058,647</u>

(A) The debt for this entity was apportioned to the Borough of Maywood by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

(B) Overlapping Debt was computed based upon municipal flow to the Authority.

Sources:

- (1) Borough of Maywood Annual Debt Statement
- (2) BCUA 2014 Audit
- (3) Bergen County 2014 Annual Debt Statement

MAYWOOD BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis

2014	\$	1,262,821,638
2013		1,230,670,555
2012		1,278,852,129
	\$	<u>3,772,344,322</u>

Average equalized valuation of taxable property

\$ 1,257,448,107

Debt limit (3 % of average equalization value)

\$ 37,723,443 ^a

Total Net Debt Applicable to Limit

10,080,000

Legal debt margin

\$ 27,643,443

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 24,545,757	\$ 35,704,788	\$ 39,277,593	\$ 41,618,618	\$ 41,750,837	\$ 41,730,671	\$ 40,933,405	\$ 40,070,153	\$ 38,392,110	\$ 37,723,443
Total Net Debt Applicable to Limit	<u>13,505,375</u>	<u>12,341,549</u>	<u>11,902,295</u>	<u>11,757,295</u>	<u>11,602,000</u>	<u>11,282,000</u>	<u>10,947,000</u>	<u>10,857,000</u>	<u>10,452,000</u>	<u>10,080,000</u>
Legal Debt Margin	<u>\$ 11,040,382</u>	<u>\$ 23,363,239</u>	<u>\$ 27,375,298</u>	<u>\$ 29,861,323</u>	<u>\$ 30,148,837</u>	<u>\$ 30,448,671</u>	<u>\$ 29,986,405</u>	<u>\$ 29,213,153</u>	<u>\$ 27,940,110</u>	<u>\$ 27,643,443</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	55.02%	34.57%	30.30%	28.25%	27.79%	27.04%	26.74%	27.09%	27.22%	26.72%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**MAYWOOD BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population</u>
2005	3.4%	\$ 56,706	9,289
2006	3.6%	62,714	9,181
2007	3.2%	67,394	9,139
2008	4.2%	68,227	9,112
2009	7.5%	63,198	9,144
2010	7.7%	65,486	9,566
2011	7.6%	66,096	9,618
2012	7.7%	69,919	9,588
2013	7.9%	69,495	9,687
2014	5.5%	N/A	9,746

Source: United States Bureau of Census
School District Records

(1) Bergen County Per Capita Income

MAYWOOD BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

MAYWOOD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
FOR THE LAST NINE FISCAL YEARS
(Unaudited)

<u>Function/Program</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>	<u>2015</u>
Instruction									
Regular	52	52	52	52	52	53	57	59	60
Special Education	2	5	5	5	5	6	10	15	14
Other Special Education	27	33	29	25	26	23	23	22	23
Vocational									
Other Instruction									
Nonpublic School Programs									
Adult/Continuing Education Programs									
Support Services:									
Student and Instruction Related Services	1	1	1	1	1	2	10	10	10
General Administration	2	2	2	1	2	2	2	2	2
School Administrative Services	2	2	2	1	1	1	2	2	2
Other Administrative Services	9	9	9	9	9	9	5	5	5
Central Services	4	4	4	4	4	4	4	4	4
Administrative Information Technology	-	-	-	-	-	-	-	-	-
Plant Operations And Maintenance	13	13	13	11	10	10	10	10	10
Pupil Transportation	-	-	-	-	-	-	-	-	-
Other Support Services	1	1	1	1	1	1			
Special Schools									
Food Service									
Child Care	-	-	-	-	-	-	-	-	-
Total	<u>113</u>	<u>122</u>	<u>118</u>	<u>110</u>	<u>111</u>	<u>111</u>	<u>123</u>	<u>129</u>	<u>130</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

MAYWOOD BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	813	\$ 14,385,228	\$ 17,694	0.79%	79.00	1:14	N/A	N/A	813	813	0.25%	100.00%
2007	858	15,345,816	17,885	1.07%	81.00	1:11	N/A	N/A	858	822	5.54%	95.80%
2008	845	16,706,534	19,771	10.55%	90.00	1:11	N/A	N/A	845	813	-1.52%	96.21%
2009	907	17,002,633	18,746	-5.18%	86.00	1:11	N/A	N/A	907	870	6.84%	95.92%
2010	931	17,764,159	19,081	1.79%	82.00	1:11	N/A	N/A	931	892	2.65%	95.81%
2011	927	18,019,227	19,438	1.87%	83.00	1:11	N/A	N/A	927	887	-0.43%	95.69%
2012	914	17,517,971	19,166	-1.40%	82.00	1:11	N/A	N/A	912	876	-1.63%	96.06%
2013	960	18,705,517	19,485	1.66%	90.00	1:11	N/A	N/A	953	912	4.51%	95.70%
2014	967	19,008,758	19,657	0.89%	96.00	1:10	N/A	N/A	965	926	1.26%	95.96%
2015	943	19,638,796	20,826	5.94%	97.00	1:10	N/A	N/A	945	907	-2.07%	95.98%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**MAYWOOD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	<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>	<u>2015</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	29,919	29,919	46,191	46,191	46,191	46,191	54,138	54,138	54,138	54,138
Capacity (students)	212	212	395	395	395	395	463	463	463	463
Enrollment	356	394	403	403	435	442	440	437	440	440
<u>Middle School</u>										
Square Feet	91,495	91,495	91,495	91,495	91,495	91,495	98,583	98,583	98,583	98,583
Capacity (students)	548	548	548	548	548	548	590	590	590	590
Enrollment	453	464	474	504	496	485	474	523	527	527
Number of Schools at June 30, 2015										
Elementary =	1									
Middle School =	1									
Senior High School =	-									
Other =	-									

Source: District Records

MAYWOOD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS ENDED JUNE 30
(UNAUDITED)

	<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>	<u>2015</u>
School Facilities										
Maywood Ave. School	\$ 188,118	\$ 221,535	\$ 310,821	\$ 174,399	\$ 155,659	\$ 123,056	\$ 129,157	\$ 166,717	\$ 185,987	\$ 192,327
Memorial School	<u>61,515</u>	<u>72,668</u>	<u>128,206</u>	<u>101,998</u>	<u>125,097</u>	<u>87,196</u>	<u>155,330</u>	<u>82,594</u>	<u>96,066</u>	<u>99,340</u>
Grand Total	<u>\$ 429,322</u>	<u>\$ 294,203</u>	<u>\$ 439,027</u>	<u>\$ 276,397</u>	<u>\$ 280,756</u>	<u>\$ 210,252</u>	<u>\$ 284,487</u>	<u>\$ 249,311</u>	<u>\$ 282,053</u>	<u>\$ 291,667</u>

Source: District records

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
AS OF JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Zurich Insurance Fund		
Property	\$ 45,449,915	\$ 2,500
Electronic Data Processing	3,000,000	
Boiler & Machinery	50,000,000	2,500
Crime Coverage	50,000	1,000
Comprehensive General Liability	2,000,000	
Bodily Injury & Property Damage	1,000,000	
Personal Injury & Advertising Injury	1,000,000	
Employee Benefit Liability	1,000,000	
Automobile		
Combined Single Limit for Bodily Injury	1,000,000	
Uninsured/Underinsured Motorists	1,000,000	
Medical Payments	5,000	
Public Employees' Faithful Performance Blanket	500,000	5,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School 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 Maywood Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Maywood Board of Education's basic financial statements and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Maywood Board of Education'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 Maywood Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maywood Board of Education'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

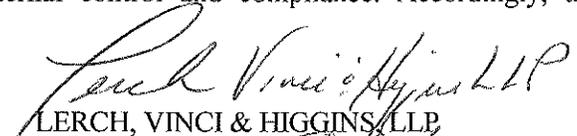
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Maywood Board of Education's financial statements are free from 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 Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Maywood Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 20, 2015.

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 Maywood Board of Education'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 Maywood Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants
Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 20, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Maywood Board of Education
Maywood, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Maywood Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Maywood Board of Education’s major federal and state programs for the fiscal year ended June 30, 2015. The Maywood Board of Education’s major federal and 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 federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Maywood Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Maywood Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Maywood Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Maywood Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Maywood Board of Education 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 Maywood Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Maywood Board of Education's internal control over compliance.

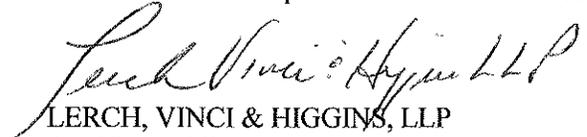
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

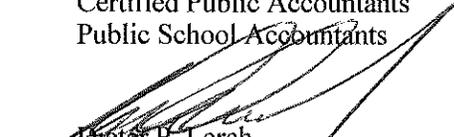
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Maywood Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 20, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 20, 2015

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2015		
										Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Dept. of Agriculture Passed-through State Department of Education												
Food Service Fund												
Non-Cash Assistance (Food Distribution Program)	10.550	N/A	7/1/14-6/30/15									
National School Lunch Program Cash Assistance	10.555	N/A	7/1/14-6/30/15	82,161			75,852	82,161		\$ (6,309)		
National School Lunch HHFKA (PB) Cash Assistance	N/A	N/A	7/1/14-6/30/15	4,578			4,213	4,578		(365)		
National School Breakfast Program Cash Assistance	10.553	N/A	7/1/14-6/30/15	3,159			2,967	3,159		(192)		
National School Lunch Program Cash Assistance	10.555	N/A	7/1/13-6/30/14	91,414	\$ (16,468)		16,468					
National School Lunch HHFKA (PB) Cash Assistance	N/A	N/A	7/1/13-6/30/14	4,720	(859)		859					
National School Breakfast Program Cash Assistance	10.553	N/A	7/1/13-6/30/14	2,641	(488)	-	488	-	-	-	-	-
Total U.S. Department of Agriculture					(17,815)	-	100,847	89,898	-	(6,866)	-	-
U.S. Department of Education Passed- through State Dept. of Education												
Special Revenue Fund												
Title I	84.010a	NCLB306015	7/1/14-6/30/15	119,380			119,380	119,380				
Title II - A	84.281a	NCLB306015	7/1/14-6/30/15	32,635			32,635	32,635				
Title III	84.365	NCLB306015	7/1/14-6/30/15	10,507			10,507	10,507				
IDEA Part B, Basic	84.027a	IDEA306014	7/1/13-6/30/14	267,225	(24,535)		24,535					
IDEA Preschool	84.173	IDEA306014	7/1/13-6/30/14	10,326	(5,000)		5,000					
IDEA Part B, Basic	84.027a	IDEA306015	7/1/14-6/30/15	239,832			239,832	239,832				
IDEA Preschool	84.173	IDEA306015	7/1/14-6/30/15	9,867	-	-	9,867	9,867	-	-	-	-
Total Special Revenue Fund					(29,535)	-	441,756	412,221	-	-	-	-
Total Federal Financial Assistance					\$ (47,350)	\$ -	\$ 542,603	\$ 502,119	\$ -	\$ (6,866)	\$ -	\$ -

**MAYWOOD BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Maywood Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$55,016 for the general fund and an increase of \$5,760 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,058	\$ 2,589,177	\$ 2,591,235
Special Revenue Fund	417,963		417,963
Food Service Fund	<u>107,733</u>	<u>3,401</u>	<u>111,134</u>
 Total Financial Assistance	 <u>\$ 527,754</u>	 <u>\$ 2,592,578</u>	 <u>\$ 3,120,332</u>

**MAYWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$420,269 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$304,121 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$482,793 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

MAYWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027a</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

MAYWOOD BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**MAYWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**MAYWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.