

MOONACHIE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Moonachie, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Moonachie Board of Education
Moonachie, New Jersey
For The Fiscal Year Ended June 30, 2015**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

Moonachie Public Schools

OFFICE OF THE SUPERINTENDENT

ROBERT L. CRAIG SCHOOL
20 WEST PARK STREET
MOONACHIE, NEW JERSEY 07074

JONATHAN PONDS, Ed. D.
Superintendent/Principal

OFFICE: (201) 641-5833
FAX: (201) 641-3723

November 23, 2015

Honorable President and
Members of the Board of Education
Moonachie School District
20 West Park Street
Moonachie, New Jersey 07074

Dear Board Members:

The comprehensive annual financial report of the Moonachie School District (the "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 Moonachie 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 for 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.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). 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 as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations", and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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.

1) REPORTING ENTITY AND ITS SERVICES: The Moonachie School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Moonachie Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 295 students, which is an increase of 7 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its 9-12th grade students with the Wood-Ridge High School District. The following details the changes in the student enrollment of the Moonachie School District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015	295	2.43%
2014	288	4.35%
2013	276	(2.12)%
2012	282	(1.05)%
2011	285	3.64%
2010	275	(1.43)%
2009	279	3.33%
2008	270	1.13%
2007	267	(5.32)%
2006	282	(2.08)%

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Moonachie has reached a point of stabilized growth and this trend is anticipated to continue.

3) MAJOR INITIATIVES: The Moonachie School District implemented the following initiatives during the 2014-2015 school year:

*New master schedule implemented resulting in a 7 period (45 minutes each) day. Grades K-5 have a double block of language arts and math each day. Middle school students received 65 additional minutes of both language arts and math instruction per week, as compared to 2013-2014 school year.

*Implemented Renaissance STAR diagnostic assessments in reading and math for all students in grades 1-8. Data was collected to better inform instruction and intervention for all students.

*District continued relationships with “Standards Solution” to continue to train staff on CCSS and PARCC.

*District supported the implementation of the 21st Century Learning Grant, in conjunction with the Meadowlands YMCA, to offer free before/after school care and academic remediation and enrichment.

*Addition of technology teacher resulting in all students in grades K-8 receiving technology instruction. Students in grades 6-8 participated in an additional PARCC technology course.

*Increased student use of technology by upgrading desktops in the computer lab and providing each classroom with 2 Mac desktop computers.

*P/T language arts teacher maintained to increase instructional minutes for students in grades 6-8.

*Incorporated use of Reading Street materials in grades K,1 to increase explicit instruction of foundational skills required for reading readiness and aligned with the CCSS.

*New math series implemented in grades K-3; rollout in grades 4, 5 to occur during 2015-2016 school year.

*Students in all grades, PK-8, participated in a STEM lab initiative sponsored by the South Bergen Jointure Commission. Hands-on, student-centered learning opportunities were provided to all students.

*The number of HIB complaints/investigations remained low by reinforcing conduct and behavior.

*District continued to work with Meadowlands Family Success Center as part of our community outreach plan. The organization used our facility to run programs such as "Strengthening Families" to provide assistance to families and increase parental engagement in the educational process.

*Worked with the PTO on several initiatives, including the tricky tray fundraiser to support the class of 2015's trip to Washington, D.C.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles (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.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Funds. Project-length budgets are approved for the capital improvements and are accounted for in the Capital Projects Fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

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

7) DEBT ADMINISTRATION: At June 30, 2015, the District's outstanding debt issues have been fully satisfied.

A Promissory Note in the amount of \$600,000 maturing on July 24, 2015 was issued due to Superstorm Sandy. This Note ensured the District a positive cash flow for paying Sandy related expenditures before receiving insurance proceeds.

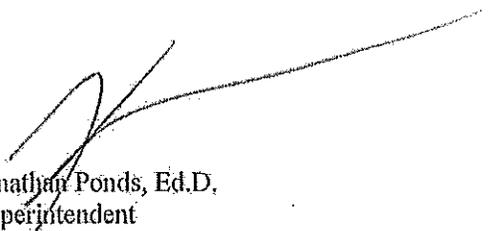
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes the audit also was designed to meet the requirements of the Single Audit Act as amended 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 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.

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

Respectfully submitted,



Jonathan Ponds, Ed.D.
Superintendent



Sue Anne Mather
School Business Administrator

**Moonachie School District
2014-2015 Organizational Chart**

Board of Education

Superintendent/Principal

Instructional
Staff

Supervisor
of
Curriculum
&
Instruction

Classroom
&
School
Aides

CST

Secretarial
Staff

Board Secretary/School Business Administrator

Secretary

Assistant to
Business
Administrator

Custodial Staff

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Vaccaro, President	2018
James Campbell, Vice President	2016
Melissa Rose	2016
Charles Pallas	2017
Sheila King	2018
<u>Other Officials</u>	
Frank Scarafile, Superintendent	
Sue Anne Mather, Board Secretary/School Business Administrator	
Anthony P. Sciarrillo, Board Attorney	

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

Consultants and Advisors

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 N
Fair Lawn, New Jersey 07410

Attorney

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, New Jersey 07090

Official Depository

Capital One Bank
710 Route 46
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. 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
KEVIN LOMSKI, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, 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
Moonachie Board of Education
Moonachie, 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 Moonachie 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 Moonachie 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 Moonachie 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 Moonachie Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards 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 Moonachie 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 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.

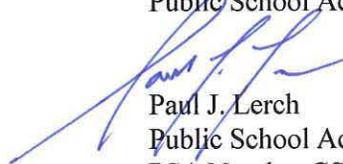
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of the Moonachie 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 Moonachie Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

This discussion and analysis of the Moonachie School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2015. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- District-Wide Financials - Overall revenues were \$9,567,860. General revenues accounted for \$7,186,332 or 75 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,381,528 or 25 percent of total revenues of \$9,567,860.
- District-Wide Financials - The School District had \$9,259,780 in expenses; only \$2,381,528 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,186,332 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Moonachie Board of Education's governmental funds reported combined ending fund balances of \$1,793,863, an increase of \$707,684 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2015, unassigned fund balance for the General Fund was \$223,464, a decrease of \$2,567.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of five parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Moonachie Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual funds of the Moonachie Board of Education, reporting the Moonachie Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Moonachie Board of Education operates like a business.
 - 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.

Figure A-1 summarizes the major features of the Moonachie Board of Education's financial statements, including the portion of the Moonachie Board of Education'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.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows, liabilities and deferred inflows information	All assets, deferred outflows, liabilities and deferred inflows 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, deferred outflows, liabilities and deferred inflows both financial and capital, and short-term and long-term
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.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Moonachie Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Moonachie Board of Education's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing 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 the school buildings and other facilities.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

District-wide Statements (Continued)

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund 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 a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE MOONACHIE BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position. The District's combined net position for 2015 and 2014 were \$5,017,997 and \$4,709,917, respectively. (See Table A-1).

By far the largest portion of the District's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u> (Restated)
Current and Other Assets	\$ 2,418,232	\$ 2,091,594	\$ 33,259	\$ 32,163	\$ 2,451,491	\$ 2,123,757
Capital Assets	4,884,793	5,303,137	1,000	2,584	4,885,793	5,305,721
Total Assets	<u>7,303,025</u>	<u>7,394,731</u>	<u>34,259</u>	<u>34,747</u>	<u>7,337,284</u>	<u>7,429,478</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	46,663	-	-	-	46,663	-
Total Assets and Deferred Outflows of Resources	<u>7,349,688</u>	<u>7,394,731</u>	<u>34,259</u>	<u>34,747</u>	<u>7,383,947</u>	<u>7,429,478</u>
Long-Term Liabilities	1,529,539	1,708,990			1,529,539	1,708,990
Other Liabilities	708,684	1,010,571	-	-	708,684	1,010,571
Total Liabilities	<u>2,238,223</u>	<u>2,719,561</u>	<u>-</u>	<u>-</u>	<u>2,238,223</u>	<u>2,719,561</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	127,727	-	-	-	127,727	-
Total Inflows and Deferred Inflows of Resources	<u>2,365,950</u>	<u>2,719,561</u>	<u>-</u>	<u>-</u>	<u>2,365,950</u>	<u>2,719,561</u>
Net Position:						
Net Investment in Capital Assets	4,836,231	5,239,360	1,000	2,584	4,837,231	5,241,944
Restricted	428,978	933,000			428,978	933,000
Unrestricted	(281,471)	(1,497,190)	33,259	32,163	(248,212)	(1,465,027)
Total Net Position	<u>\$ 4,983,738</u>	<u>\$ 4,675,170</u>	<u>\$ 34,259</u>	<u>\$ 34,747</u>	<u>\$ 5,017,997</u>	<u>\$ 4,709,917</u>

Governmental activities. Governmental activities increased the District's net position for 2015 and 2014 by \$308,568 and \$598,405, respectively. Key elements of this increase are as follows: (See Table A-2)

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

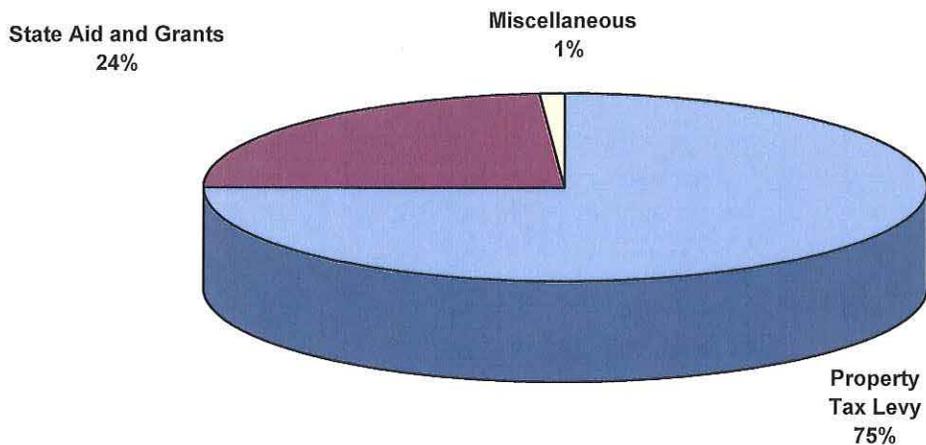
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 246,086	\$ 142,273	\$ 33,844	\$ 18,947	\$ 279,930	\$ 161,220
Operating Grants and Contributions	2,023,150	2,047,191	78,448	60,322	2,101,598	2,107,513
Capital Grants and Contribution		553,568			-	553,568
General Revenues						
Property Taxes	7,059,543	7,244,684			7,059,543	7,244,684
Other	126,672	127,745	117	125	126,789	127,870
Total Revenues	<u>9,455,451</u>	<u>10,115,461</u>	<u>112,409</u>	<u>79,394</u>	<u>9,567,860</u>	<u>10,194,855</u>
Expenses						
Instruction						
Regular	4,369,620	3,976,487			4,369,620	3,976,487
Special Education	1,394,625	992,906			1,394,625	992,906
Other Instruction	263,058	218,034			263,058	218,034
School Sponsored Activities and Ath.	35,439	50,056			35,439	50,056
Support Services						
Student and Instruction Related Serv.	1,158,132	1,455,445			1,158,132	1,455,445
General Administrative Services	273,770	232,767			273,770	232,767
School Administrative Services	180,874	130,493			180,874	130,493
Plant Operations and Maintenance	897,860	1,865,058			897,860	1,865,058
Pupil Transportation	318,019	317,611			318,019	317,611
Central Services	226,485	215,369			226,485	215,369
Food Service			139,635	105,528	139,635	105,528
Interest on Long-Term Debt	2,263	30,100	-	-	2,263	30,100
Total Expenses	<u>9,120,145</u>	<u>9,484,326</u>	<u>139,635</u>	<u>105,528</u>	<u>9,259,780</u>	<u>9,589,854</u>
Increase (Decrease) in Net Position Before Transfers	335,306	631,135	(27,226)	(26,134)	308,080	605,001
Transfers	(26,738)	(32,730)	26,738	32,730	-	-
Change in Net Position	308,568	598,405	(488)	6,596	308,080	605,001
Net Position, Beginning of Year	4,675,170	5,638,055	34,747	28,151	4,709,917	5,666,206
Prior Period Adjustment	-	(1,561,290)	-	-	-	(1,561,290)
Net Position, End of Year	<u>\$ 4,983,738</u>	<u>\$ 4,675,170</u>	<u>\$ 34,259</u>	<u>\$ 34,747</u>	<u>\$ 5,017,997</u>	<u>\$ 4,709,917</u>

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

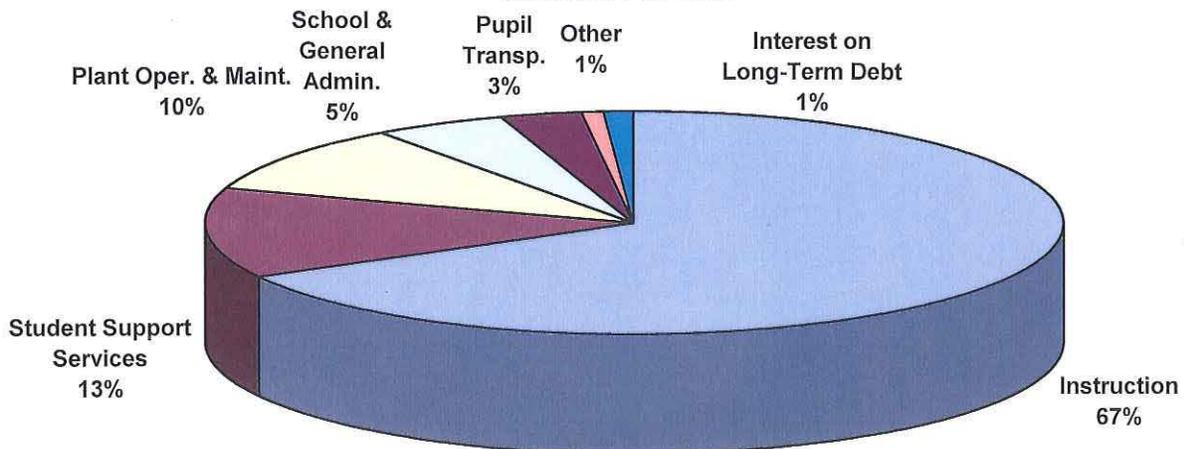
Governmental activities. The District's total governmental revenues were \$9,455,451. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$7,186,215 or 76% of total revenues. Funding from state and federal sources, donations, tuition as well as insurance proceeds for operating expenses resulting from Hurricane Sandy amounted to \$2,269,236 or 24%.

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2015



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$6,062,742 (66%), support services totaled \$3,055,140 (33%) and interest on long-term debt total \$2,263 (1%) of total expenditures.

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2015



**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

**Table A-5
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 4,369,620	\$ 3,976,487	\$ 3,664,994	\$ 3,631,708
Special Education	1,394,625	992,906	641,492	458,393
Other Instruction	263,058	218,034	183,840	175,974
School Sponsored Activities and Athletics	35,439	50,056	26,616	44,089
Support Services				
Student and Instruction Related Svcs.	1,158,132	1,455,445	1,052,844	1,231,860
General Administrative Services	273,770	232,767	238,646	221,033
School Administrative Services	180,874	130,493	145,380	118,759
Plant Operations and Maintenance	897,860 (2)	1,865,058 (1)	492,630	409,096
Pupil Transportation	318,019	317,611	228,866	226,853
Central Services	226,485	215,369	173,338	193,429
Interest on Long-Term Debt	2,263	30,100	2,263	30,100
Total Governmental Activities	<u>\$ 9,120,145</u>	<u>\$ 9,484,326</u>	<u>\$ 6,850,909</u>	<u>\$ 6,741,294</u>

(1) Note - Included are \$1,097,349 of trailer rental and cleaning costs related to Hurricane Sandy.

(2) Note - Included are \$35,811 of costs related to Hurricane Sandy.

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$139,635. These costs were funded by operating grants, charges for services, investment earnings and transfers from governmental activities (Detailed on Table A-2). The operations resulted in a decrease in net position of \$488.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$1,793,863. In 2013-2014 the fund balance was \$1,086,179.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$8,552,744 and expenditures were \$8,152,691.

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.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources	\$ 7,413,267	\$ 7,667,282	\$ (254,015)	-3%
State Sources	946,985	860,037	86,948	10%
Federal Sources	192,492	204,197	(11,705)	-6%
Total Revenues	\$ 8,552,744	\$ 8,731,516	\$ (178,772)	-2%

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

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 5,568,132	\$ 5,217,239	\$ 350,893	7%
Undistributed	2,543,848	4,032,251	(1,488,403)	-37%
Capital Outlay	22,411	456,429	(434,018)	-95%
Debt Service				
Principal	15,215	323,105	(307,890)	-95%
Interest	3,085	29,465	(26,380)	-90%
Total Expenditures	\$ 8,152,691	\$ 10,058,489	\$ (1,905,798)	-19%

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

Capital Assets and Debt Administration. The Moonachie Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2015 and 2014 amounts to \$4,885,793 and \$5,305,721 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-6
Capital Assets
(net of depreciation) as of June 30**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 381,056	\$ 381,056			\$ 381,056	\$ 381,056
Land Improvements	257,224	257,224			257,224	257,224
Buildings and Building Improvem	7,320,480	7,310,020			7,320,480	7,310,020
Machinery and Equipment	367,886	355,935	\$ 11,351	\$ 11,351	379,237	367,286
Total	8,326,646	8,304,235	11,351	11,351	8,337,997	8,315,586
Less: Accumulated Depreciation	3,441,853	3,001,098	10,351	8,767	3,452,204	3,009,865
Total	\$ 4,884,793	\$ 5,303,137	\$ 1,000	\$ 2,584	\$ 4,885,793	\$ 5,305,721

Additional information on Moonachie Board of Education's capital assets as well as the impact of Hurricane Sandy can be found in Note 3 of this report.

**MOONACHIE BOARD OF EDUCATION
MOONACHIE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Debt Administration. As of June 30, 2015 and 2014 the school district had long-term debt and outstanding long-term liabilities in the amount of \$1,609,520 and \$1,708,990 as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2015</u>	<u>2014</u>
Capital Leases	\$ 48,562	\$ 63,777
Compensated Absences Payable	77,035	83,923
Long Term Pension Liability	<u>1,483,923</u>	<u>1,561,290</u>
 Total	 <u>\$ 1,609,520</u>	 <u>\$ 1,708,990</u>

Additional information on Moonachie Board of Education's long-term debt can be found in Note 3.

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the Moonachie School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. For the future, the district will continue to provide comprehensive services in a cost efficient manner.

In conclusion, the Moonachie School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the Moonachie Board of Education, 20 West Park Street, Moonachie, NJ 07074.

FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,403,935	\$ 26,293	\$ 2,430,228
Receivables, net			
Receivables from Other Governments	12,549	5,846	18,395
Other	1,748	1,120	2,868
Capital Assets			
Not Being Depreciated	381,056		381,056
Being Depreciated, Net	<u>4,503,737</u>	<u>1,000</u>	<u>4,504,737</u>
Total Assets	<u>7,303,025</u>	<u>34,259</u>	<u>7,337,284</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>46,663</u>	-	<u>46,663</u>
Total Assets and Deferred Outflows of Resources	<u>7,349,688</u>	<u>34,259</u>	<u>7,383,947</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	20,774	-	20,774
Accrued Interest Payable	4,334		4,334
Unearned Revenue	3,595		3,595
Notes Payable	600,000		600,000
Noncurrent Liabilities			
Due Within One Year	79,981		79,981
Due Beyond One Year	<u>1,529,539</u>	-	<u>1,529,539</u>
Total Liabilities	<u>2,238,223</u>	-	<u>2,238,223</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>127,727</u>	-	<u>127,727</u>
Total Deferred Inflows of Resources	<u>127,727</u>	-	<u>127,727</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,365,950</u>	-	<u>2,365,950</u>
NET POSITION			
Net Investment in Capital Assets	4,836,231	1,000	4,837,231
Restricted for Capital Projects	428,978		428,978
Unrestricted	<u>(281,471)</u>	<u>33,259</u>	<u>(248,212)</u>
Total Net Position	<u>\$ 4,983,738</u>	<u>\$ 34,259</u>	<u>\$ 5,017,997</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 4,369,620		\$ 704,626		\$ (3,664,994)		\$ (3,664,994)
Special Education	1,394,625	\$ 246,086	507,047		(641,492)		(641,492)
Other Instruction	263,058		79,218		(183,840)		(183,840)
School Sponsored Activities and Athletics	35,439		8,823		(26,616)		(26,616)
Support Services							
Student and Instruction Related Services	1,158,132		105,288		(1,052,844)		(1,052,844)
General Administrative Services	273,770		35,124		(238,646)		(238,646)
School Administrative Services	180,874		35,494		(145,380)		(145,380)
Plant Operations and Maintenance	897,860		405,230		(492,630)		(492,630)
Pupil Transportation	318,019		89,153		(228,866)		(228,866)
Central Services	226,485		53,147		(173,338)		(173,338)
Interest on Debt	2,263	-	-	-	(2,263)	-	(2,263)
Total Governmental Activities	9,120,145	246,086	2,023,150	-	(6,850,909)	-	(6,850,909)
Business-Type Activities							
Food Service	139,635	33,844	78,448	-	-	\$ (27,343)	(27,343)
Total Business-Type Activities	139,635	33,844	78,448	-	-	(27,343)	(27,343)
Total Primary Government	\$ 9,259,780	\$ 279,930	\$ 2,101,598	\$ -	(6,850,909)	(27,343)	(6,878,252)
General Revenues							
Property Taxes					7,059,543		7,059,543
Miscellaneous Income					103,612		103,612
Interest						117	117
Unrestricted State Aid					23,060		23,060
Transfers					(26,738)	26,738	-
Total General Revenues and Transfers					7,159,477	26,855	7,186,332
Change in Net Position					308,568	(488)	308,080
Net Position, Beginning of Year (Restated)					4,675,170	34,747	4,709,917
Net Position, End of Year					\$ 4,983,738	\$ 34,259	\$ 5,017,997

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,799,800	\$ 4,135	\$ 600,000	\$ 2,403,935
Receivables From Other Governments	12,549			12,549
Other Receivables	1,276			1,276
Due from Other Funds	472	-	-	472
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,814,097</u>	<u>\$ 4,135</u>	<u>\$ 600,000</u>	<u>\$ 2,418,232</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 2,624			\$ 2,624
Accrued Salaries	17,610			17,610
Note Payable			\$ 600,000	600,000
Intergovernmental Payable		\$ 540		540
Unearned Revenue	-	3,595	-	3,595
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>20,234</u>	<u>4,135</u>	<u>600,000</u>	<u>624,369</u>
Fund Balances				
Restricted Fund Balance:				
Excess Surplus	459,075			459,075
Excess Surplus-Designated for Subsequent Year				
Expenditures	270,000			270,000
Capital Reserve	428,978			428,978
Maintenance Reserve	317,197			317,197
Assigned Fund Balance:				
Year-end Encumbrances	80,585			80,585
Unreserved- Designated for Subsequent Year				
Expenditures	14,564			14,564
Unassigned Fund Balance				
General Fund	223,464	-	-	223,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,793,863</u>	<u>-</u>	<u>-</u>	<u>1,793,863</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,814,097</u>	<u>\$ 4,135</u>	<u>\$ 600,000</u>	

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

Total Fund Balances (Exhibit B-1) \$ 1,793,863

Amounts reported for *governmental activities* in the statement of net assets (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 \$8,326,646 and the accumulated depreciation is \$3,441,853.

4,884,793

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

(4,334)

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

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 46,663
(127,727)

(81,064)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

Compensated Absences
Leases Payable
Net Pension Liability

(77,035)
(48,562)
(1,483,923)

(1,609,520)

Net position of governmental activities

\$ 4,983,738

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Local Tax Levy	\$ 7,059,543			\$ 7,059,543
Tuition	246,086			246,086
Miscellaneous	103,612	\$ 4,026	-	107,638
Total - Local Sources	<u>7,409,241</u>	<u>4,026</u>	<u>-</u>	<u>7,413,267</u>
State Sources	946,985			946,985
Federal Sources	-	192,492	-	192,492
Total Revenues	<u>8,356,226</u>	<u>196,518</u>	<u>-</u>	<u>8,552,744</u>
EXPENDITURES				
Current				
Regular Instruction	3,944,718	72,000		4,016,718
Special Education Instruction	1,200,850	87,556		1,288,406
Other Instruction	213,366	18,720		232,086
School Sponsored Activities and Athletics	30,922			30,922
Support Services and Undistributed Costs				
Student and Instruction Related Services	1,095,627	18,242		1,113,869
General Administrative Services	251,735			251,735
School Administrative Services	148,359			148,359
Plant Operations and Maintenance	512,589			512,589
Pupil Transportation	318,019			318,019
Central Services	199,277			199,277
Debt Service				
Principal	15,215			15,215
Interest and Other Charges	3,085			3,085
Capital Outlay	22,411	-	-	22,411
Total Expenditures	<u>7,956,173</u>	<u>196,518</u>	<u>-</u>	<u>8,152,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>400,053</u>	<u>-</u>	<u>-</u>	<u>400,053</u>
OTHER FINANCING SOURCES (USES)				
Super Storm Sandy Insurance Recovery	334,369			334,369
Transfers In			\$ 507,336	507,336
Transfers Out	(534,074)	-	-	(534,074)
Total Other Financing Sources and Uses	<u>(199,705)</u>	<u>-</u>	<u>507,336</u>	<u>307,631</u>
Net Change in Fund Balances	200,348	-	507,336	707,684
Fund Balance, Beginning of Year	<u>1,593,515</u>	<u>-</u>	<u>(507,336)</u>	<u>1,086,179</u>
Fund Balance, End of Year	<u>\$ 1,793,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,793,863</u>

**MOONACHIE 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) \$ 707,684

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay

Capital Outlay	\$ 22,411	
Depreciation Expense	<u>(440,755)</u>	
		(418,344)

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

Compensated Absences		6,888
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In the statement of activities, certain operating expenses - pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Pension Expense		(3,697)
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Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Lease Purchase Agreement		15,215
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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.

Increase in Accrued Interest		<u>822</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 308,568

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

**MOONACHIE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

		Business-Type Activities Enterprise Fund <u>Totals</u>
ASSETS		
Current Assets		
Cash	\$	26,293
Other Receivable		1,120
Intergovernmental Receivable		
Federal		5,760
State		<u>86</u>
Total Current Assets		<u>33,259</u>
Noncurrent Assets		
Equipment		11,351
Less: Accumulated Depreciation		<u>(10,351)</u>
Total Noncurrent Assets		<u>1,000</u>
Total Assets		<u>34,259</u>
 NET POSITION		
Net Investment in Capital Assets		1,000
Unrestricted		<u>33,259</u>
Total Net Position	\$	<u><u>34,259</u></u>

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

	Business-Type Activities Enterprise Fund <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 33,844
Total Operating Revenues	<u>33,844</u>
OPERATING EXPENSES	
Cost of Sales	106,410
Salaries and Wages	26,738
Supplies	34
Software Expense	4,789
Miscellaneous	80
Depreciation	<u>1,584</u>
Total Operating Expenses	<u>139,635</u>
Operating Loss	<u>(105,791)</u>
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	223
National School Breakfast Program	18,664
National School Lunch Program	58,268
State Sources	
School Lunch Program	1,293
Interest and Investment Revenue	<u>117</u>
Total Nonoperating Revenues	<u>78,565</u>
Net Loss Before Transfers	(27,226)
Transfers In from General Fund	<u>26,738</u>
Total Other Financing Sources	<u>26,738</u>
Change in Net Position	(488)
Net Position, Beginning of Year	<u>34,747</u>
Net Position, End of Year	<u>\$ 34,259</u>

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

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

	Business-Type Activities Enterprise Fund Totals
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 33,844
Cash Payments for Employee Salaries and Wages	(26,738)
Cash Payments to Suppliers for Goods and Services	<u>(111,612)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(104,506)</u>
Cash Flows from Noncapital Financing Activities	
Board Subsidy Payment from General Fund	26,738
Cash Received from State and Federal Subsidy Reimbursements	<u>77,282</u>
Net Cash Provided by Noncapital Financing Activities	<u>104,020</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>117</u>
Net Cash Provided by Investing Activities	<u>117</u>
Net Decrease in Cash and Cash Equivalents	(369)
Cash and Cash Equivalents, Beginning of Year	<u>26,662</u>
Cash and Cash Equivalents, End of Year	<u>\$ 26,293</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ <u>(105,791)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,584
(Increase)/Decrease in Accounts Receivable	<u>(299)</u>
Total Adjustments	<u>1,285</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (104,506)</u>

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

	Edward Terragni Memorial <u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,482	\$ 27,556
Total Assets	<u>\$ 1,482</u>	<u>\$ 27,556</u>
LIABILITIES		
Due to Student Groups		\$ 17,585
Due to Other Funds		472
Due to State of New Jersey		6,163
Payroll Deductions and Withholdings	-	<u>3,336</u>
Total Liabilities	<u>-</u>	<u>\$ 27,556</u>
NET POSITION		
Held in Trust for Edward Terragni Memorial Scholarship Fund	<u>\$ 1,482</u>	

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

	Edward Terragni Memorial <u>Scholarship Fund</u>
ADDITIONS	
Contributions	
Interest	-
Total Additions	-
DEDUCTIONS	
Participant Awards	\$ 100
Total Deductions	100
Change in Net Position	(100)
Net Position, Beginning of Year	1,582
Net Position, End of Year	<u>\$ 1,482</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MOONACHIE 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 Moonachie 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 five 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 Moonachie 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.

**MOONACHIE 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, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

MOONACHIE 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.

**MOONACHIE 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 fund which is 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 type:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarship awards, 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.

**MOONACHIE 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.

**MOONACHEE 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 is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Machinery and Equipment	10

Costs of assets damaged by Hurricane Sandy were reduced by the impairment and the adjusted cost depreciated over the assets remaining useful life.

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 one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The 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.

**MOONACHIE 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 one type of item, this type which arises only under a modified accrual basis of accounting. The 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 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, personal 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.

MOONACHIE 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*

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.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2).

MOONACHIE 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)

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.

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.

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.

**MOONACHIE 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)

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 are charges to customers for sales and services. Operating expenses for enterprise 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.

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 January 24, 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 \$160,400. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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.

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	\$ 933,000
Increases	
Interest Earnings	3,314
Withdrawals	
Approved by Board Resolution	<u>(507,336)</u>
Balance, June 30, 2015	<u>\$ 428,978</u>

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

Increases	
Deposits Approved by Board Resolution	\$ <u>317,197</u>
Balance, June 30, 2015	\$ <u>317,197</u>

The June 30, 2015 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$317,197. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

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 \$729,075. Of this amount, \$270,000 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$459,075 will be appropriated in the 2016/2017 original budget certified for taxes.

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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 \$2,459,266 and bank and brokerage firm balances of the Board's deposits amounted to \$2,771,186. 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>2,771,186</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 none of the Board's bank balances were exposed to custodial credit 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.

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds, nonmajor, in the aggregate, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Accounts	\$ 1,276	\$ 1,120	\$ 2,396
Intergovernmental	<u>12,549</u>	<u>5,846</u>	<u>18,395</u>
Net Total Receivables	<u>\$ 13,825</u>	<u>\$ 6,966</u>	<u>\$ 20,791</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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:

Special Revenue Fund	
Unencumbered grant draw downs	\$ <u>3,595</u>
 Total unearned revenue for governmental funds	 \$ <u>3,595</u>

D. Capital Assets

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

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 381,056	-	-	\$ 381,056
Total capital assets, not being depreciated	<u>381,056</u>	<u>-</u>	<u>-</u>	<u>381,056</u>
Capital assets, being depreciated:				
Land Improvements	257,224			257,224
Buildings and Building Improvements	7,310,020	\$ 10,460		7,320,480
Machinery and Equipment	355,935	11,951	-	367,886
Total capital assets being depreciated	<u>7,923,179</u>	<u>22,411</u>	<u>-</u>	<u>7,945,590</u>
Less accumulated depreciation for:				
Land Improvements	(146,709)	(10,791)		(157,500)
Buildings and Building Improvements	(2,718,420)	(374,551)		(3,092,971)
Machinery and Equipment	(135,969)	(55,413)	-	(191,382)
Total accumulated depreciation	<u>(3,001,098)</u>	<u>(440,755)</u>	<u>-</u>	<u>(3,441,853)</u>
Total capital assets, being depreciated, net	<u>4,922,081</u>	<u>(418,344)</u>	<u>-</u>	<u>4,503,737</u>
Governmental activities capital assets, net	<u>\$ 5,303,137</u>	<u>\$ (418,344)</u>	<u>\$ -</u>	<u>\$ 4,884,793</u>

**MOONACHIE 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)

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 11,351	-	-	\$ 11,351
Total capital assets being depreciated	11,351	-	-	11,351
Less accumulated depreciation for:				
Machinery and Equipment	(8,767)	\$ (1,584)	-	(10,351)
Total accumulated depreciation	(8,767)	(1,584)	-	(10,351)
Total capital assets, being depreciated, net	2,584	(1,584)	-	1,000
Business-type activities capital assets, net	<u>\$ 2,584</u>	<u>\$ (1,584)</u>	<u>\$ -</u>	<u>\$ 1,000</u>

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

Governmental Activities:

Instruction		
Regular		\$ 36,694
Special		944
Total Instruction		<u>37,638</u>
Support Services		
Support Services - Instructional		1,562
School Administration		16,213
Operations and Maintenance of Plant		385,342
Total Support Services		<u>403,117</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 440,755</u>
Business-Type Activities:		
Food Service Fund		\$ 1,584
Total Depreciation Expense-Business-Type Activities		<u>\$ 1,584</u>

**MOONACHIE 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)

Asset Impairment and Insurance Proceeds (Continued)

Insurance Proceeds

The District had insurance policies in effect at the time of the hurricane for comprehensive property damage (including flood), casualty, business interruption and other coverages. As of June 30, 2015, the insurers have remitted \$334,369 for a total of \$6,693,693. These funds are recorded as revenue in the General Fund as of June 30, 2015. All of these funds have been committed by the District to be used for the replacement of equipment destroyed by the hurricane damage. The District estimates that a portion of the hurricane related losses will be covered through potential grants from other Federal and/or State agencies and through additional insurance recoveries. Amounts not covered in the Capital Projects Fund will be supplemented with capital reserve funds. General Fund shortages will be funded through donations and other available resources.

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	Student Activity Fund	\$ 104
General Fund	Payroll Agency Fund	<u>368</u>
Total		<u>\$ 472</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 expenditures paid by one fund on behalf of another fund.

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>	
	Enterprise Food <u>Service Fund</u>	Capital Projects <u>Fund</u>
Transfer Out:		
General Fund	\$ 26,738	\$ 507,336

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District is leasing copiers totaling \$79,951 under capital leases. The leases are for terms of 5 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>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 18,300
2017	18,300
2018	14,280
2019	<u>1,710</u>
Total minimum lease payments	52,590
Less: amount representing interest	<u>(4,028)</u>
Present value of minimum lease payments	<u>\$ 48,562</u>

**MOONACHIE 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

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.

As of June 30, 2015, the District has no outstanding bond debt.

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)	\$ 23,924,288
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 23,924,288</u>

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:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Capital Leases	\$ 63,777		\$ 15,215	\$ 48,562	\$ 16,064
Compensated Absences	83,923	\$ 2,090	8,978	77,035	-
Net Pension Liability	<u>1,561,290</u>	<u>-</u>	<u>77,367</u>	<u>1,483,923</u>	<u>63,917</u>
Governmental activity Long-term liabilities	<u>\$ 1,708,990</u>	<u>\$ 2,090</u>	<u>\$ 101,560</u>	<u>\$ 1,609,520</u>	<u>\$ 79,981</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2015 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance the clean-up and reconstruction resulting from damage from Super storm (Hurricane) Sandy. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, June 30, 2015</u>
Hurricane Sandy	1.375	7/25/2014	\$ 1,000,000		\$ 1,000,000	
Hurricane Sandy	0.79	7/24/2015	-	\$ 600,000	-	\$ 600,000
			<u>\$ 1,000,000</u>	<u>\$ 600,000</u>	<u>\$ 1,000,000</u>	<u>\$ 600,000</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

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 South Bergen Regional VII Insurance Group (SBRVII). The Group 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 fund 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 fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

South Bergen Regional VII 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 due to Hurricane Sandy, which occurred on October 29, 2012; the District incurred damages in excess of \$7,500,000. These costs (settlements) are in excess of insurance coverages, the district currently has \$1,000,000 deductible. The deductible has been funded by current year expenditures and the use of capital reserve funds.

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

NOTE 4 OTHER INFORMATION (Continued)

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.

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 had no estimated arbitrage earnings due to the IRS.

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.

**MOONACHIE 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.

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.

**MOONACHIE 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)

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.

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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 63,508	\$ 140,686	\$ 2,985
2014	61,708	104,295	1,522
2013	71,582	164,740	504

**MOONACHIE 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)

For fiscal years 2014/2015 and 2012/2013, the state contributed \$140,686 and \$164,740, 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 \$104,295 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 \$177,787 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 \$1,483,923 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 .00792 percent, which was an decrease of .00025 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$67,205 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	\$ 46,663	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 88,434
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	39,293
District Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 46,663</u>	<u>\$ 127,727</u>

MOONACHIE 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)

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	\$	(20,754)
2017		(20,754)
2018		(20,754)
2019		(20,754)
2020		1,355
Thereafter		<u>597</u>
	\$	<u>(81,064)</u>

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%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

MOONACHIE 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%

**MOONACHIE 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 \$709,024 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 \$13,176,585. 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.

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

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

**MOONACHIE 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%

**MOONACHIE 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:

TPAF

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 <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 15,848,006</u>	<u>\$ 13,176,585</u>	<u>\$ 10,954,749</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.

**MOONACHIE 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.

**MOONACHIE 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.

**MOONACHIE 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 \$223,240, \$171,005 and \$186,279, 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.

F. Subsequent Event

During July, 2015, the District retired their grant anticipation note in the amount of \$600,000. This amount is reported as a liability in the District's financial statements at June 30, 2015.

NOTE 5 RESTATEMENT

On July 1, 2014, the Moonachie Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Moonachie 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 \$1,561,290. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$6,236,460 as originally reported to \$4,675,170 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 7,059,543		\$ 7,059,543	\$ 7,059,543	
Tuition	135,293		135,293	246,086	\$ 110,793
Miscellaneous	99,446	-	99,446	103,612	4,166
Total Local Sources	<u>7,294,282</u>	<u>-</u>	<u>7,294,282</u>	<u>7,409,241</u>	<u>114,959</u>
State Sources					
Special Education Aid	212,409		212,409	212,409	
Transportation Aid	85,776		85,776	85,776	
Security Aid	71,280		71,280	71,280	
Adjustment Aid	16,590		16,590	16,590	
PARCC Readiness Aid	3,560		3,560	3,560	
Per Pupil Growth Aid	3,560		3,560	3,560	
Extraordinary Aid				9,120	9,120
Additional Nonpublic Transportation Aid				3,882	3,882
On-behalf TPAF Pension Payments					
Pension Contribution (Non-Budget)				131,244	131,244
NCGI Premium (Non-Budget)				9,442	9,442
On-behalf TPAF Pension Payments					
Post Retirement Medical Contribution (Non-Budget)				223,340	223,340
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	177,787	177,787
Total State Sources	<u>393,175</u>	<u>-</u>	<u>393,175</u>	<u>947,990</u>	<u>554,815</u>
Total Revenues	<u>7,687,457</u>	<u>-</u>	<u>7,687,457</u>	<u>8,357,231</u>	<u>669,774</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	70,087	\$ (33,357)	36,730	35,940	790
Kindergarten	165,091	27,363	192,454	191,349	1,105
Grades 1-5	969,070	(97,714)	871,356	868,958	2,398
Grades 6-8	403,255	47,714	450,969	448,444	2,525
Regular Program - Home Instruction					
Salaries of Teachers		3,833	3,833	3,833	
Purchased Professional-Educational Services		1,011	1,011	1,011	
Regular Programs - Undistributed Instruction					
Other Purchased Services	5,720	(233)	5,487	5,487	
General Supplies	120,149	(16,911)	103,238	95,677	7,561
Other Objects	12,860	4,320	17,180	17,180	-
Total Regular Programs	<u>1,746,232</u>	<u>(63,974)</u>	<u>1,682,258</u>	<u>1,667,879</u>	<u>14,379</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	75,135		75,135	73,636	1,499
Other Salaries for Instruction	5,859	121	5,980	5,853	127
General Supplies	2,000	(174)	1,826	932	894
Total Learning and/or Language Disabilities	<u>82,994</u>	<u>(53)</u>	<u>82,941</u>	<u>80,421</u>	<u>2,520</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 59,560		\$ 59,560	\$ 58,188	\$ 1,372
Other Salaries for Instruction	46,191	\$ (17,382)	28,809	28,130	679
General Supplies	1,500	1,252	2,752	2,738	14
Total Multiple Disabilities	<u>107,251</u>	<u>(16,130)</u>	<u>91,121</u>	<u>89,056</u>	<u>2,065</u>
Resource Room					
Salaries of Teachers	110,435	30,080	140,515	137,615	2,900
Other Salaries for Instruction	48,088	8,528	56,616	56,375	241
General Supplies	2,000	346	2,346	1,056	1,290
Total Resource Room	<u>160,523</u>	<u>38,954</u>	<u>199,477</u>	<u>195,046</u>	<u>4,431</u>
Preschool Disabilities-Full Time					
Salaries of Teachers	80,490	7,642	88,132	88,132	
Other Salaries for Instruction	20,460	14,786	35,246	35,246	
General Supplies	1,500	(542)	958	427	531
Total Preschool Disabilities-Full Time	<u>102,450</u>	<u>21,886</u>	<u>124,336</u>	<u>123,805</u>	<u>531</u>
Total Special Education	<u>453,218</u>	<u>44,657</u>	<u>497,875</u>	<u>488,328</u>	<u>9,547</u>
Basic Skills/Remedial					
Salaries of Teachers	35,515	67,920	103,435	101,990	1,445
General Supplies	1,500	(298)	1,202	797	405
Total Bilingual Education	<u>37,015</u>	<u>67,622</u>	<u>104,637</u>	<u>102,787</u>	<u>1,850</u>
Bilingual Education					
Salaries of Teachers	37,556	9,177	46,733	46,095	638
General Supplies	-	539	539	539	-
Total Bilingual Education	<u>37,556</u>	<u>9,716</u>	<u>47,272</u>	<u>46,634</u>	<u>638</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	23,204	-	23,204	21,596	1,608
Total School Sponsored Co/Extra Curricular Act.	<u>23,204</u>	<u>-</u>	<u>23,204</u>	<u>21,596</u>	<u>1,608</u>
Total Instruction	<u>2,297,225</u>	<u>58,021</u>	<u>2,355,246</u>	<u>2,327,224</u>	<u>28,022</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State- Regular	\$ 1,298,892	\$ 127,259	\$ 1,426,151	\$ 1,416,128	\$ 10,023
Tuition to Other LEAs Within State- Special	139,721	43,775	183,496	183,496	
Tuition to County Vocational- Regular	34,272	(8,568)	25,704	25,704	
Tuition to County Vocational- Special	159,732	(38,412)	121,320	121,320	
Tuition to CSSD & Reg. Day Schools	59,282	49,733	109,015	92,345	16,670
Tuition to Priv. Sch. for the Disabled Within the State	338,859	(139,799)	199,060	199,060	-
Total Undistributed Expenditures - Instruction	2,030,758	33,988	2,064,746	2,038,053	26,693
Attendance and Social Work Services					
Salaries	12,517		12,517	12,516	1
Other Purchased Services - Travel	620	-	620	620	-
Total Attendance and Social Work Services	13,137	-	13,137	13,136	1
Health Services					
Salaries	83,867	752	84,619	84,617	2
Other Purchased Services - Travel	500	(325)	175	175	
Supplies and Materials	4,000	(1,155)	2,845	2,674	171
Total Health Services	88,367	(728)	87,639	87,466	173
Speech, OT, PT & Related Svcs.					
Purchased Professional - Educational Services	264,355	(35,618)	228,737	204,436	24,301
Supplies and Materials	1,000	846	1,846	1,831	15
Total Speech, OT, PT & Related Svcs.	265,355	(34,772)	230,583	206,267	24,316
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	30,341	770	31,111	31,111	
Purchased Professional-Educational Svcs.	270,142	(33,625)	236,517	236,268	249
Supplies and Materials	3,000	3,577	6,577	6,449	128
Other Objects	5,020	200	5,220	5,045	175
Total Other Support Services - Students - Special Services	308,503	(29,078)	279,425	278,873	552
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	76,988	1,012	78,000	78,000	
Salaries of Secretarial and Clerical Assistants	51,435	6,516	57,951	57,951	
Supplies and Materials	2,000	(1,579)	421	285	136
Other Objects	820	150	970	970	-
Total Improvement of Instructional Services	131,243	6,099	137,342	137,206	136

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 64,066	\$ (56,792)	\$ 7,274	\$ 6,827	\$ 447
Purchased Professional and Technical Services	121,808	14,982	136,790	136,627	163
Supplies and Materials	29,725	76,606	106,331	102,530	3,801
Total Educational Media Serv./School Library	<u>215,599</u>	<u>34,796</u>	<u>250,395</u>	<u>245,984</u>	<u>4,411</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services		2,235	2,235	2,235	-
Other Purchased Services - Travel	1,000	15,172	16,172	13,679	2,493
Total Instructional Staff Training Services	<u>1,000</u>	<u>17,407</u>	<u>18,407</u>	<u>15,914</u>	<u>2,493</u>
Support Services General Administration					
Salaries	102,907	5,080	107,987	105,360	2,627
Legal Services	30,000	1,489	31,489	22,182	9,307
Audit Fees	25,000	23,165	48,165	23,515	24,650
Other Purchased Professional Services	2,500	(55)	2,445	2,445	
Purchased Technical Services	17,488	(143)	17,345	16,920	425
Communications/Telephone	11,593	18,423	30,016	15,246	14,770
General Supplies	500	131	631	631	
BOE Other Purchased Services - Travel	4,465	(1,397)	3,068	2,854	214
Miscellaneous Purchased Services	8,576	(30)	8,546	8,546	
Miscellaneous Expenditures	3,205	(286)	2,919	2,919	
BOE Membership Dues and Fees	4,376	-	4,376	4,376	-
Total Support Services General Administration	<u>210,610</u>	<u>46,377</u>	<u>256,987</u>	<u>204,994</u>	<u>51,993</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	67,500		67,500	67,500	
Salaries of Secretarial and Clerical Assistants	36,264	10,546	46,810	36,264	10,546
Supplies and Materials	1,200		1,200	745	455
Other Objects	500	-	500	441	59
Total Support Services School Administration	<u>105,464</u>	<u>10,546</u>	<u>116,010</u>	<u>104,950</u>	<u>11,060</u>
Central Services					
Salaries	129,686	14,675	144,361	130,094	14,267
Purchased Technical Services	8,790		8,790	8,406	384
Miscellaneous Purchased Services - Travel	4,025	(408)	3,617	799	2,818
Supplies and Materials	1,200	795	1,995	1,995	
Other Objects	6,235	(69)	6,166	5,825	341
Total Central Services	<u>149,936</u>	<u>14,993</u>	<u>164,929</u>	<u>147,119</u>	<u>17,810</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 50,818	\$ 1	\$ 50,819	\$ 48,555	\$ 2,264
Cleaning, Repair and Maint. Svc.	56,200	(17,446)	38,754	32,160	6,594
Total Required Maintenance for School Facilities	107,018	(17,445)	89,573	80,715	8,858
Custodial Services					
Salaries	112,639	5,366	118,005	113,977	4,028
Salaries of Non-Instructional Aides	49,267	3,872	53,139	48,895	4,244
Purchased Prof. and Technical Serv.	5,450	1,600	7,050	5,885	1,165
Cleaning, Repair and Maint. Serv.	17,000	2,113	19,113	18,061	1,052
Insurance	46,126	(1,042)	45,084	44,183	901
Other Purchased Property Services	4,550	180	4,730	4,664	66
General Supplies	35,000	(8,008)	26,992	26,992	-
Energy (Natural Gas)	60,000	3,507	63,507	34,634	28,873
Energy (Electricity)	95,000		95,000	45,754	49,246
Other Objects	1,466	-	1,466	959	507
Total Custodial Services	426,498	7,588	434,086	344,004	90,082
Care and Upkeep of Grounds					
Salaries	7,000	-	7,000	3,390	3,610
Total Care and Upkeep of Grounds	7,000	-	7,000	3,390	3,610
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) -Regular	12,597		12,597	12,597	
Contracted Serv.(Bet. Home & Sch)-Vendors	85,790		85,790	85,788	2
Contracted Serv.(Other Bet. Home & Sch)-Vendors		325	325	325	
Contracted Serv.(Reg. Students)-ESCs&CTSAs	43,360	(3,440)	39,920	39,920	
Contracted Services (Spl. Ed. Students)- ESCs & CTSAs	158,631	(1,305)	157,326	155,871	1,455
Contracted Serv.-Aid in Lieu of Payments - Non-Public Schools	15,028	4,420	19,448	18,564	884
Total Student Transportation Services	315,406	-	315,406	313,065	2,341
Unallocated Benefits - Employee Benefits					
Social Security Contributions	70,000	7,529	77,529	51,729	25,800
Other Retirement Contributions-PERS	70,000	3,552	73,552	63,508	10,044
Other Retirement Contributions-DCRP	1,600	1,388	2,988	2,985	3
Unemployment Insurance	12,000		12,000	7,767	4,233
Workmen's Compensation	30,000	(2,371)	27,629	27,629	
Health Benefits	755,298	(24,372)	730,926	647,859	83,067
Tuition Reimbursement	13,000	8,092	21,092	17,740	3,352
Other Employee Benefits	22,791	336	23,127	23,127	-
Total Unallocated Benefits - Employee Benefits	974,689	(5,846)	968,843	842,344	126,499

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

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
On-behalf TPAF Pension Payments Pension Contribution (Non-Budget)				\$ 131,244	\$(131,244)
NCGL Premium (Non-Budget)				9,442	(9,442)
On-behalf TPAF Pension Payments Post Retirement Medical Contribution (Non-Budget)				223,340	(223,340)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	177,787	(177,787)
Total Undistributed Expenditures	\$ 5,350,583	\$ 83,925	\$ 5,434,508	5,605,293	(170,785)
Total Current Expenditures	7,647,808	141,946	7,789,754	7,932,517	(142,763)
CAPITAL OUTLAY					
Undistributed Expenditures					
Support Services - Students - Regular		6,393	6,393	6,393	
General Administration		5,551	5,551	5,551	
Required Maintenance for School Facilities Security	-	2,192	2,192	2,192	-
Total Equipment	-	22,411	22,411	22,411	-
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	-	-
Facilities Acquisition and Construction Services Assessment for Debt Service on SDA Funding	1,245	127	1,372	1,245	127
Total Facilities Acquis. and Const. Services	1,245	127	1,372	1,245	127
Interest Deposit to Capital Reserve	3,000	-	3,000	-	3,000
Total Capital Outlay Expenditures	4,245	22,538	26,783	23,656	3,127
Total Expenditures	7,652,053	164,484	7,816,537	7,956,173	(139,636)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	35,404	(164,484)	(129,080)	401,058	530,138
Other Financing Sources (Uses)					
Insurance Recovery Related to Super Storm Sandy Recovery		-		334,369	334,369
Transfers Out to Capital Projects Fund		-		(507,336)	(507,336)
Transfers Out to Food Service Fund	(35,404)	-	(35,404)	(26,738)	8,666
Total Other Financing Sources/(Uses)	(35,404)	-	(35,404)	(199,705)	(164,301)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	-	(164,484)	(164,484)	201,353	365,837
Fund Balance, Beginning of Year	1,632,048	-	1,632,048	1,632,048	-
Fund Balance, End of Year	\$ 1,632,048	\$ (164,484)	\$ 1,467,564	\$ 1,833,401	\$ 365,837

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

EXPENDITURES	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Reserved Excess Surplus				\$ 459,075	
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures				270,000	
Capital Reserve				428,978	
Maintenance Reserve				317,197	
Assigned Fund Balance:					
Year-end Encumbrances				80,585	
Unreserved-Designated for Subsequent Year's Expenditures				14,564	
Unassigned Fund Balance				<u>263,002</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,833,401	
Less: Final State Aid and Extraordinary Aid Payments Not Recognized on GAAP Basis				<u>(39,538)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,793,863</u>	

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

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 204,197	\$ (11,705)	\$ 192,492	\$ 192,492	
Local	-	7,621	7,621	4,026	\$ (3,595)
Total Revenues	<u>204,197</u>	<u>(4,084)</u>	<u>200,113</u>	<u>196,518</u>	<u>(3,595)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	79,000	(7,000)	72,000	72,000	
Other Purchased Service	95,872	(8,316)	87,556	87,556	
General Supplies	2,576	2,246	4,822	4,822	-
Total Instruction	<u>177,448</u>	<u>(13,070)</u>	<u>164,378</u>	<u>164,378</u>	<u>-</u>
Support Services					
Personal Services-Employee Benefits	18,170	550	18,720	18,720	
Purchased Professional/Technical Services	8,579	(904)	7,675	7,675	
General Supplies		3,340	3,340	3,340	-
Transportation	-	6,000	6,000	2,405	3,595
Total Support Services	<u>26,749</u>	<u>8,986</u>	<u>35,735</u>	<u>32,140</u>	<u>3,595</u>
Total Expenditures	<u>204,197</u>	<u>(4,084)</u>	<u>200,113</u>	<u>196,518</u>	<u>3,595</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

**MOONACHIE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 8,357,231	\$ 196,518
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2013/2014 State Aid)	38,533	
State Aid payment and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2014/2015 State Aid)	<u>(39,538)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 8,356,226</u>	<u>\$ 196,518</u>
Uses/Outflows of Resources (Exhibit B-2)		
Actual amounts (budgetary basis) total outflows from the	\$ 7,956,173	\$ 196,518
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 7,956,173</u>	<u>\$ 196,518</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**MOONACHIE 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*

	2015		2014	
District's Proportion of the Net Position Liability (Asset)	0.00792	%	0.00817	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,483,923		\$ 1,561,290	
District's Covered-Employee Payroll	\$ 497,994		\$ 528,600	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	298.0%	%	295.0%	%
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.

**MOONACHIE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 63,508	\$ 61,708
Contributions in Relation to the Contractually Required Contribution	<u>63,508</u>	<u>61,708</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 497,994	\$ 528,600
Contributions as a Percentage of Covered-Employee Payroll	12.8%	11.7%

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.

**MOONACHIE 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)	-	-
District's Proportionate Share of the Net Pension Liability (Asset)	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 13,176,585	\$ 12,885,122
Total	<u>\$ 13,176,585</u>	<u>\$ 12,885,122</u>
District's Covered-Employee Payroll	\$ 2,581,290	\$ 2,334,892
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.

**MOONACHIE 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

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>NCLB Title I</u>	<u>NCLB Title II</u>	<u>NCLB Title III</u>	<u>FEMA</u>	<u>Local NJ Relief Fund</u>	<u>Better Education</u>	<u>Total</u>
REVENUES									
Intergovernmental									
Federal	\$ 82,469	\$ 5,087	\$ 92,472	\$ 7,675	\$ 3,070	\$ 1,719			\$ 192,492
Local	-	-	-	-	-	-	\$ 1,621	\$ 2,405	4,026
Total Revenues	<u>\$ 82,469</u>	<u>\$ 5,087</u>	<u>\$ 92,472</u>	<u>\$ 7,675</u>	<u>\$ 3,070</u>	<u>\$ 1,719</u>	<u>\$ 1,621</u>	<u>\$ 2,405</u>	<u>\$ 196,518</u>
EXPENDITURES									
Instruction									
Salaries of Teachers			\$ 72,000						\$ 72,000
Other Purchased Service	\$ 82,469	\$ 5,087							87,556
General Supplies	-	-	1,752	-	\$ 3,070	-	-	-	4,822
Total Instruction	<u>82,469</u>	<u>5,087</u>	<u>73,752</u>	<u>-</u>	<u>3,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,378</u>
Support Services									
Purchased Professional - Technical Services				\$ 7,675					7,675
Personal Services - Employee Benefits			18,720						18,720
General Supplies						\$ 1,719	\$ 1,621		3,340
Transportation	-	-	-	-	-	-	-	\$ 2,405	2,405
Total Support Services	<u>-</u>	<u>-</u>	<u>18,720</u>	<u>7,675</u>	<u>-</u>	<u>1,719</u>	<u>1,621</u>	<u>2,405</u>	<u>32,140</u>
Total Expenditures	<u>\$ 82,469</u>	<u>\$ 5,087</u>	<u>\$ 92,472</u>	<u>\$ 7,675</u>	<u>\$ 3,070</u>	<u>\$ 1,719</u>	<u>\$ 1,621</u>	<u>\$ 2,405</u>	<u>\$ 196,518</u>

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Hurricane Sandy Construction	\$ <u>3,399,624</u>	\$ <u>3,399,624</u>	\$ <u>-</u>	\$ <u>-</u>

Recapitulation of Fund Balance

Restricted for Capital Projects Available for Capital Projects	\$ <u>-</u>
Total Fund Balance - Restricted for Capital Projects	\$ <u>-</u>

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

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ <u>507,336</u>
 Total Revenues	 <u>507,336</u>
 Expenditures and Other Financing Uses	
Purchase Professional Service	
Construction Services- Hurricane Sandy	<u>-</u>
 Total Expenditures	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 507,336
 Fund Balance, Beginning of Year	 <u>(507,336)</u>
 Fund Balance, End of Year	 <u>\$ -</u>

**MOONACHIE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HURRICANE SANDY CONSTRUCTION PROJECT
FROM INCEPTION AND 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				
Insurance Proceeds	\$ 2,892,288		\$ 2,892,288	\$ 2,892,288
Transfer from Capital Reserve	-	\$ 507,336	507,336	507,336
	<u>2,892,288</u>	<u>507,336</u>	<u>3,399,624</u>	<u>3,399,624</u>
Total Revenues				
Expenditures and Other Financing Uses				
Purchase Professional Service	216,653		216,653	216,653
Construction Services	3,182,971	-	3,182,971	3,182,971
	<u>3,399,624</u>	<u>-</u>	<u>3,399,624</u>	<u>3,399,624</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (507,336)</u>	<u>\$ 507,336</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,399,624
Additional Authorized Cost	
Revised Authorized Cost	\$ 3,399,624

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2014/15
Revised Target Completion Date	2014/15

ENTERPRISE FUND

EXHIBIT G-1

**MOONACHIE BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**MOONACHIE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 17,689	\$ 9,867	\$ 27,556
Total Assets	<u>\$ 17,689</u>	<u>\$ 9,867</u>	<u>\$ 27,556</u>
LIABILITIES			
Due to Other Funds	\$ 104	\$ 368	\$ 472
Due to Student Groups	17,585		17,585
Due to State of New Jersey		6,163	6,163
Flex Spending	<u>-</u>	<u>3,336</u>	<u>3,336</u>
Total Liabilities	<u>\$ 17,689</u>	<u>\$ 9,867</u>	<u>\$ 27,556</u>

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

THIS STATEMENT IS NOT APPLICABLE

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

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
Elementary School				
Robert L.Craig School	\$ 20,251	\$ 24,238	\$ 26,904	\$ 17,585
Due to Other Funds	<u>148</u>	<u>97</u>	<u>141</u>	<u>104</u>
 Total All Schools	 <u>\$ 20,399</u>	 <u>\$ 24,335</u>	 <u>\$ 27,045</u>	 <u>\$ 17,689</u>

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

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
Payroll Deductions and Withholdings		\$ 1,581,450	\$ 1,581,450	
Accrued Salaries and Wages		1,806,349	1,806,349	
Flex Spending Fund	\$ 3,270	6,900	6,834	\$ 3,336
Due to State of New Jersey	5,538	6,163	5,538	6,163
Due to Other Funds	458	367	457	368
		<hr/>	<hr/>	
Total	<u>\$ 9,266</u>	<u>\$ 3,401,229</u>	<u>\$ 3,400,628</u>	<u>\$ 9,867</u>

LONG-TERM DEBT

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

NOT APPLICABLE

LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2015</u>
2013 Savin Copier	\$ 34,951	\$ 25,479		\$ 6,775	\$ 18,704
2014 Savin Copier	45,000	<u>38,298</u>	<u>-</u>	<u>8,440</u>	<u>29,858</u>
		<u>\$ 63,777</u>	<u>\$ -</u>	<u>\$ 15,215</u>	<u>\$ 48,562</u>

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

NOT APPLICABLE

**LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Moonachie 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.

MOONACHIE 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										
Net Investment In Capital Assets	\$ 371,950	\$ 532,697	\$ 769,699	\$ 1,012,537	\$ 1,116,150	\$ 1,370,646	\$ 1,889,488	\$ 4,693,363	\$ 5,239,360	\$ 4,836,231
Restricted	117,930	64,740	54,685	206,672	510,283	555,256	564,270	-	933,000	428,978
Unrestricted	254,020	488,227	617,105	633,768	599,242	661,115	729,313	944,692	(1,497,190)	(281,471)
Total Governmental Activities Net Assets	\$ 743,900	\$ 1,085,664	\$ 1,441,489	\$ 1,852,977	\$ 2,225,675	\$ 2,587,017	\$ 3,183,071	\$ 5,638,055	\$ 4,675,170	\$ 4,983,738
Business-Type Activities										
Net Investment In Capital Assets	\$ 2,881	\$ 2,520	\$ 2,160	\$ 1,799	\$ 1,438	\$ 7,518	\$ 5,752	\$ 4,168	\$ 2,584	\$ 1,000
Unrestricted	20,807	29,645	31,155	5,686	16,596	19,827	17,408	23,983	32,163	33,259
Total Business-Type Activities Net Assets	\$ 23,688	\$ 32,165	\$ 33,315	\$ 7,485	\$ 18,034	\$ 27,345	\$ 23,160	\$ 28,151	\$ 34,747	\$ 34,259
District-Wide										
Net Investment In Capital Assets	\$ 374,831	\$ 535,217	\$ 771,859	\$ 1,014,336	\$ 1,117,588	\$ 1,378,164	\$ 1,895,240	\$ 4,697,531	\$ 5,241,944	\$ 4,837,231
Restricted	107,598	64,740	54,685	206,672	510,283	555,256	564,270	-	933,000	428,978
Unrestricted	274,827	517,872	648,260	639,454	615,838	680,942	746,721	968,675	(1,465,027)	(248,212)
Total District Net Assets	\$ 757,256	\$ 1,117,829	\$ 1,474,804	\$ 1,860,462	\$ 2,243,709	\$ 2,614,362	\$ 3,206,231	\$ 5,666,206	\$ 4,709,917	\$ 5,017,997

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

MOONACHIE 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	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,509,365	\$ 3,471,410	\$ 3,643,999	\$ 3,649,987	\$ 3,794,209	\$ 3,610,256	\$ 4,033,870	\$ 4,102,304	\$ 3,976,487	\$ 4,369,620
Special Education	730,345	801,710	887,769	1,075,749	959,073	1,191,304	1,147,451	1,460,510	992,906	1,394,625
Other Instruction	92,459	140,848	153,318	178,280	264,168	294,914	94,128	159,149	218,034	263,058
School Sponsored Activities And Athletics	25,955	24,357	28,998	28,602	33,733	33,948	25,614	40,005	50,056	35,439
Support Services:										
Student & Instruction Related Services	1,012,157	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000	1,156,475	1,263,991	1,455,445	1,158,132
School Administrative Services	153,576	162,026	151,700	209,138	178,693	188,779	166,274	132,510	130,493	180,874
General Administration	186,520	214,139	229,005	160,441	226,251	237,135	202,490	267,294	232,767	273,770
Central Services	153,751	150,782	170,550	172,925	179,337	186,269	208,125	201,209	215,369	226,485
Plant Operations And Maintenance	574,183	552,370	840,626	569,163	734,217	726,926	679,151	2,779,061	1,865,058	897,860
Pupil Transportation	226,195	279,323	273,376	303,911	270,785	315,537	256,886	326,803	317,611	318,019
Other Support Services										
Interest On Long-Term Debt	110,067	98,983	87,971	76,492	64,568	53,135	39,650	24,982	30,100	2,263
Total Governmental Activities Expenses	6,774,573	6,920,397	7,585,949	7,508,638	7,843,278	8,039,203	8,010,114	10,757,818	9,484,326	9,120,145
Business-Type Activities:										
Food Service	90,340	101,048	122,321	160,018	101,122	112,432	106,993	99,167	105,528	139,635
Total Business-Type Activities Expense	90,340	101,048	122,321	160,018	101,122	112,432	106,993	99,167	105,528	139,635
Total District Expenses	\$ 6,864,913	\$ 7,021,445	\$ 7,708,270	\$ 7,668,656	\$ 7,944,400	\$ 8,151,635	\$ 8,117,107	\$ 10,856,985	\$ 9,589,854	\$ 9,259,780
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 124,738	\$ 243,997	\$ 332,749	\$ 484,055	\$ 464,317	\$ 486,988	\$ 468,392	\$ 199,041	\$ 142,273	\$ 246,086
Operating Grants And Contributions	1,026,588	980,389	1,188,775	803,811	844,361	878,814	1,017,059	3,800,588	2,047,191	2,023,150
Capital Grants And Contributions	-	-	-	-	-	-	-	-	553,568	-
Total Governmental Activities Program Revenues	1,151,326	1,224,386	1,521,524	1,287,866	1,308,678	1,365,802	1,485,451	3,999,629	2,743,032	2,269,236

MOONACHIE 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	2013	2014	2015
Business-Type Activities:										
Charges For Services										
Food Service	\$ 22,946	\$ 27,414	\$ 26,762	\$ 31,092	\$ 29,558	\$ 25,634	\$ 17,208	\$ 12,135	\$ 18,947	\$ 33,844
Operating Grants And Contributions	29,086	35,213	38,199	47,145	56,998	65,901	66,404	63,012	60,322	78,448
Total Business Type Activities Program Revenues	52,032	62,627	64,961	78,237	86,556	91,535	83,612	75,147	79,269	112,292
Total District Program Revenues	\$ 1,203,358	\$ 1,287,013	\$ 1,586,485	\$ 1,366,103	\$ 1,395,234	\$ 1,457,337	\$ 1,569,063	\$ 4,074,776	\$ 2,822,301	\$ 2,381,528
Net (Expense)/Revenue										
Governmental Activities	\$ (5,623,247)	\$ (5,696,011)	\$ (6,064,425)	\$ (6,220,772)	\$ (6,534,600)	\$ (6,673,401)	\$ (6,524,663)	\$ (6,758,189)	\$ (6,741,294)	\$ (6,850,909)
Business-Type Activities	(38,308)	(38,421)	(57,360)	(81,781)	(14,566)	(20,897)	(23,381)	(24,020)	(26,259)	(27,343)
Total District-Wide Net Expense	\$ (5,661,555)	\$ (5,734,432)	\$ (6,121,785)	\$ (6,302,553)	\$ (6,549,166)	\$ (6,694,298)	\$ (6,548,044)	\$ (6,782,209)	\$ (6,767,553)	\$ (6,878,252)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,734,368	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543
Unrestricted Grants And Contributions	56,061	56,243	72,426	266,610	185,810	19,345	18,663	17,264	16,799	23,060
Loss On Disposal Of Capital Asset	(12,468)	-	(19,700)							
Gain on Impairment of Assets								1,866,964	-	
Investment Earnings	611	41,074								
Miscellaneous Income	108,325	107,211	297,516	110,242	141,964	152,974	101,735	204,683	110,946	103,612
Transfers	(47,254)	(45,792)	(57,464)	(55,652)	(25,017)	(30,038)	(19,150)	(28,914)	(32,730)	(26,738)
Total Governmental Activities	5,839,643	6,048,107	6,420,250	6,632,260	6,907,298	7,034,743	7,120,717	9,213,173	7,339,699	7,159,477
Business-Type Activities:										
Investment Earnings	463	1,106	1,046	299	98	170	46	97	125	117
Transfers	47,254	45,792	57,464	55,652	25,017	30,038	19,150	28,914	32,730	26,738
Total Business-Type Activities	47,717	46,898	58,510	55,951	25,115	30,208	19,196	29,011	32,855	26,855
Total District-Wide	\$ 5,887,360	\$ 6,095,005	\$ 6,478,760	\$ 6,688,211	\$ 6,932,413	\$ 7,064,951	\$ 7,139,913	\$ 9,242,184	\$ 7,372,554	\$ 7,186,332
Change In Net Position										
Governmental Activities	\$ 216,396	\$ 352,096	\$ 355,825	\$ 411,488	\$ 372,698	\$ 361,342	\$ 596,054	\$ 2,454,984	\$ 598,405	\$ 308,568
Business-Type Activities	9,409	8,477	1,150	(25,830)	10,549	9,311	(4,185)	4,991	6,596	(488)
Total District	\$ 225,805	\$ 360,573	\$ 356,975	\$ 385,658	\$ 383,247	\$ 370,653	\$ 591,869	\$ 2,459,975	\$ 605,001	\$ 308,080

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

	2006	2007	2008	2009	Fiscal Year Ended June 30,		2012	2013	2014	2015
					2010	2011				
General Fund										
Reserved	\$ 419,296	\$ 473,131	\$ 554,858	\$ 765,408	\$ 1,132,079					
Unreserved	302,154	425,289	393,861	328,515	187,456					
Restricted						\$ 620,773	\$ 931,200	\$ 744,217	\$ 1,203,000	\$ 1,475,250
Committed						157,355				
Assigned						3,101	245,609	835,754	164,484	95,149
Unassigned						237,200	216,042	100,272	226,031	223,464
Total General Fund	\$ 721,450	\$ 898,420	\$ 948,719	\$ 1,093,923	\$ 1,319,535	\$ 1,018,429	\$ 1,392,851	\$ 1,680,243	\$ 1,593,515	\$ 1,793,863
All Other Governmental Funds										
Reserved								\$ (663,306)	\$ (507,336)	
Unreserved	\$ (299)	\$ (644)	\$ (2,370)							
Restricted						\$ 373,812				
Total All Other Governmental Funds	\$ (299)	\$ (644)	\$ (2,370)	\$ -	\$ -	\$ 373,812	\$ -	\$ (663,306)	\$ (507,336)	\$ -

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

MOONACHIE 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	\$ 5,734,368	\$ 5,889,371	\$ 6,127,472	\$ 6,311,060	\$ 6,604,541	\$ 6,892,462	\$ 7,019,469	\$ 7,153,176	\$ 7,244,684	\$ 7,059,543
Tuition Charges	124,738	243,997	332,749	484,055	464,317	486,988	468,392	199,041	142,273	246,086
Interest Earnings	611	41,074								
Miscellaneous	108,665	107,211	297,516	110,242	141,965	152,974	101,735	204,683	280,325	107,638
State Sources	864,980	880,115	1,108,906	912,133	795,633	620,917	801,991	982,560	860,037	946,985
Federal Sources	217,009	156,517	152,295	158,288	234,538	277,242	233,731	198,633	204,197	192,492
Total Revenue	7,050,371	7,318,285	8,018,938	7,975,778	8,240,994	8,430,583	8,625,318	8,738,093	8,731,516	8,552,744
Expenditures										
Instruction										
Regular Instruction	3,541,658	3,454,256	3,672,686	3,634,507	3,801,188	3,599,480	4,026,463	4,096,595	3,949,939	4,016,718
Special Education Instruction	729,186	800,461	884,823	1,074,402	954,534	1,188,785	1,150,300	1,452,786	999,436	1,288,406
Other Instruction	92,459	140,848	153,318	177,865	264,072	296,057	89,288	174,769	217,808	232,086
School Sponsored Activities And Athletics	25,955	24,357	28,998	28,602	33,733	33,948	25,614	40,005	50,056	30,922
Support Services:										
Student & Inst. Related Services	1,008,209	1,024,449	1,118,637	1,083,950	1,138,244	1,201,000	1,156,475	1,263,991	1,455,445	1,113,869
General Administration	179,252	206,644	220,973	201,059	214,963	225,845	191,855	267,294	232,767	251,735
School Administrative Services	131,360	142,294	137,536	140,161	149,054	159,371	134,271	132,190	130,173	148,359
Central Services	150,282	151,144	170,072	172,970	176,694	184,096	197,490	201,209	199,221	512,589
Plant Operations And Maintenance	475,155	469,923	751,997	479,986	610,108	602,751	562,057	2,668,026	1,697,034	318,019
Pupil Transportation	226,195	279,323	273,376	303,911	270,785	315,537	256,886	326,803	317,611	199,277
Other Support Services	289									
Capital Outlay	114,132	40,053	134,247	161,035	13,778	148,984	431,676	3,076,199	456,429	22,411
Debt Service:										
Principal	250,000	260,000	275,000	280,000	295,000	315,000	339,424	366,199	323,105	15,215
Interest And Other Charges	112,459	102,116	91,238	79,825	68,212	56,985	43,759	29,357	29,465	3,085
Total Expenditures	7,036,591	7,095,868	7,912,901	7,818,273	7,990,365	8,327,839	8,605,558	14,095,423	10,058,489	8,152,691
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	13,780	222,417	106,037	157,505	250,629	102,744	19,760	(5,357,330)	(1,326,973)	400,053
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	35,303			45,721				34,951	45,000	
Super Storm Sandy Insurance Recovery								4,975,379	1,383,945	334,369
Transfers In						483,750	18,032			507,336
Transfers Out	(47,254)	(45,792)	(57,464)	(55,652)	(25,017)	(513,788)	(37,182)	(28,914)	(32,730)	(534,074)
Total Other Financing Sources (Uses)	(11,951)	(45,792)	(57,464)	(9,931)	(25,017)	(30,038)	(19,150)	4,981,416	1,396,215	307,631
Net Change In Fund Balances	\$ 1,829	\$ 176,625	\$ 48,573	\$ 147,574	\$ 225,612	\$ 72,706	\$ 610	\$ (375,914)	\$ 69,242	\$ 707,684
Debt Service As A Percentage Of										
Noncapital Expenditures	5.24%	5.13%	4.71%	4.70%	4.55%	4.55%	4.69%	3.59%	3.67%	0.23%

* Noncapital expenditures are total expenditures less capital outlay.

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Miscellaneous</u>						<u>Total</u>
	<u>Tuition</u>	<u>Restricted</u> <u>Revenue</u>	<u>Interest on</u> <u>Investments</u>	<u>Rent</u>	<u>Donations</u>	<u>Refunds and</u> <u>Miscellaneous</u>	
2006	\$ 124,738		\$ 38,818	\$ 69,458			\$ 233,014
2007	243,997		41,074	72,931		\$ 34,280	392,282
2008	332,749	\$ 181,610	41,213	76,578		(1,885)	630,265
2009	484,055		13,330	80,407		16,505	594,297
2010	464,317		15,913	84,427		41,625	606,282
2011	486,988		15,980	92,954		44,040	639,962
2012	468,392		3,614	89,999		8,122	570,127
2013	199,041		2,806	18,450	\$ 150,000	33,427	403,724
2014	142,273		3,892	94,555	16,773	(4,274)	253,219
2015	246,086		3,314	96,446		3,852	349,698

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 11,939,300	\$ 227,357,560			\$ 73,732,800	\$ 490,250,800		\$ 803,280,460	\$ 1,092,887	\$ 804,373,347	\$ 742,064,580	\$ 0.732
2007	11,736,800	229,588,690			73,732,800	488,304,800		803,363,090	1,106,343	804,469,433	796,450,859	0.762
2008	10,872,600	231,640,090			66,137,200	488,537,500		797,187,390	1,119,290	798,306,680	836,887,180	0.791
2009	10,670,100	231,958,190			65,975,300	480,149,700		788,753,290	1,419,292	790,172,582	837,533,382	0.836
2010	7,446,500	231,896,290			65,975,300	479,436,500		784,754,590	1,546,129	786,300,719	806,265,956	0.876
2011	8,641,000	232,467,385			65,617,000	478,531,500		785,256,885	1,237,431	786,494,316	731,355,696	0.893
2012	8,641,000	232,620,485			65,617,000	475,238,400		782,116,885	1,131,513	783,248,398	842,731,657	0.913
2013	8,623,700	229,347,040			64,948,870	471,276,760		774,196,370	1,131,513	775,327,883	693,703,463	0.934
2014	7,681,800	226,470,145			64,511,470	474,327,140		772,990,555	1,040,609	774,031,164	863,948,156	0.912
2015	6,596,600	223,307,835			62,270,870	445,329,680		737,504,985	1,115,126	738,620,111	814,020,842	0.975

Source: County Abstract of Ratables

a Tax rates are per \$100

**MOONACHIE 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 (1)</u>
2006	\$1.430	\$.732	\$.525	\$.173
2007	1.520	.762	.580	.178
2008	1.641	.791	.659	.191
2009	1.712	.836	.673	.203
2010	1.805	.876	.730	.199
2011	1.837	.893	.751	.193
2012	1.930	.913	.780	.237
2013	1.943	.934	.803	.206
2014	2.001	.912	.830	.259
2015	2.111	.975	.904	.232

(1) County Tax rate includes Open Space Tax.

Source: Tax Duplicate, Borough of Moonachie

Note: The Borough revaluation became effective in 2005.

**MOONACHIE BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEARS AND TEN YEARS AGO
(Unaudited)**

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Forsgate Industries	\$ 59,171,300	8.02%		
Forsgate Ventures VII LLC	22,940,700	3.11%		
Forsgate Industries			\$ 17,414,600	2.16%
Cornerstone Patriot Holding	16,368,100	2.22%		
Russo 2000 LLC			16,368,100	2.03%
Forsgate Ventures VII LLC			15,859,500	1.97%
SWS Moonachie Associates			14,923,100	1.85%
Lladro Realty			14,325,300	1.78%
Jeni LLC			13,562,100	1.69%
LPS Industries			11,973,200	1.49%
TR Moonachie, LLC	11,634,200	1.58%		
Jeni LLC	11,000,000	1.49%		
Paradiso Rosen			10,181,400	1.27%
LPS Industries	10,000,000	1.36%		
AEK Realty	9,324,300	1.26%		
Alfred E. Knobler			9,324,300	1.16%
Jilldarvy Realty			9,201,200	1.14%
Dominick Associates, LLC	9,061,900	1.23%		
SWS Moonachie Associates	9,000,000	1.22%		
Jilldarvy Realty	8,900,000	1.21%		
	<u>\$ 167,400,500</u>	<u>22.70%</u>	<u>\$ 133,132,800</u>	<u>16.54%</u>

Source: Municipal Tax Assessor

**MOONACHIE 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	\$ 5,734,368	\$ 5,734,368	100.00%	
2007	5,889,371	5,889,371	100.00%	
2008	6,127,472	6,127,472	100.00%	
2009	6,311,060	6,311,060	100.00%	
2010	6,604,541	6,604,541	100.00%	
2011	6,892,462	6,892,462	100.00%	
2012	7,019,469	7,019,469	100.00%	
2013	7,153,176	7,153,176	100.00%	
2014	7,244,684	7,244,684	100.00%	
2015	7,059,543	7,059,543	100.00%	

Source: District records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2006	\$ 2,400,000	\$ 52,596	\$ 2,452,596	2,766	\$ 887
2007	2,140,000	41,985	2,181,985	2,758	791
2008	1,865,000	30,655	1,895,655	2,751	689
2009	1,585,000	64,197	1,649,197	2,753	599
2010	1,290,000	51,230	1,341,230	2,711	495
2011	975,000	37,554	1,012,554	2,725	372
2012	650,000	23,130	673,130	2,735	246
2013	310,000	31,882	341,882	2,757	124
2014		63,777	63,777	2,783	23
2015		48,562	48,562	2,783 *	17

Source: District records

* Estimated

MOONACHIE 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	\$ 2,400,000		\$ 2,400,000	0.30%	868
2007	2,140,000		2,140,000	0.27%	776
2008	1,865,000		1,865,000	0.23%	678
2009	1,585,000		1,585,000	0.20%	576
2010	1,290,000		1,290,000	0.16%	476
2011	975,000		975,000	0.12%	358
2012	650,000		650,000	0.08%	238
2013	310,000		310,000	0.04%	112
2014	-		-	0.00%	-
2015	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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 is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

MOONACHIE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2014
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Moonachie School District	\$ 310,000	\$ 310,000	
Borough of Moonachie	<u>9,163,070</u>	<u>-</u>	<u>\$ 9,163,070</u>
	<u>\$ 9,473,070</u>	<u>\$ 310,000</u>	9,163,070
Overlapping debt Apportioned to the Municipality:			
Bergen County			4,968,719
Bergen County Utilities Authority - Water Pollution (2)			<u>2,087,687</u>
			<u>7,056,406</u>
 Total Direct and Overlapping Debt			 <u>\$ 16,219,476</u>

Sources:

- (1) Borough of Moonachie Annual Debt Statement
- (2) BCUA 2013 Audit
- (3) Bergen County Debt Statement December 31, 2014

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2014 \$ 843,507,808
	2013 857,455,277
	2012 691,465,728
	<u>\$ 2,392,428,813</u>
Average equalized valuation of taxable property	\$ 797,476,271
Debt limit (3 % of average equalization value)	23,924,288
Total Net Debt Applicable to Limit	<u>-</u>
Legal debt margin	<u>\$ 23,924,288</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 19,430,812	\$ 21,676,841	\$ 23,486,283	\$ 24,520,609	\$ 24,659,395	\$ 23,569,186	\$ 23,588,121	\$ 22,504,875	\$ 23,865,283	\$ 23,924,288
Total net debt applicable to limit	2,175,000	1,940,000	1,695,000	1,445,000	1,180,000	900,000	610,000	310,000	-	-
Legal debt margin	<u>\$ 17,255,812</u>	<u>\$ 19,736,841</u>	<u>\$ 21,791,283</u>	<u>\$ 23,075,609</u>	<u>\$ 23,479,395</u>	<u>\$ 22,669,186</u>	<u>\$ 22,978,121</u>	<u>\$ 22,194,875</u>	<u>\$ 23,865,283</u>	<u>\$ 23,924,288</u>
Total net debt applicable to the limit as a percentage of debt limit	11.19%	8.95%	7.22%	5.89%	4.79%	3.82%	2.59%	1.38%	0.00%	0.00%

Source: Annual Debt Statements

**MOONACHIE BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	2,766	\$ 62,714	2.80%
2007	2,758	67,394	2.50%
2008	2,751	68,227	3.30%
2009	2,753	63,198	6.00%
2010	2,711	65,486	6.10%
2011	2,725	65,486	6.00%
2012	2,734	66,096	6.10%
2013	2,757	69,919	9.20%
2014	2,783	69,495	7.90%
2015	2,783 *	69,495 *	N/A

Source: New Jersey State Department of Education

* Estimate

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

Employer	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

MOONACHIE BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	21.4	21.4	21.4	20.6	20.6	20.6	20.8	23.0	24.1	24.8
Special education	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.6	5.0	5.5
Other special education	0.8	0.8	0.8	0.8	0.8	0.8	-	-	-	
Other instruction	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	-	
Support Services:										
Student & instruction related services	14.0	14.0	13.5	15.0	15.0	15.0	12.5	11.0	9.0	10.0
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administrative services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5
Other support services	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total	<u>52.2</u>	<u>52.2</u>	<u>51.2</u>	<u>51.9</u>	<u>51.9</u>	<u>51.9</u>	<u>48.3</u>	<u>49.6</u>	<u>47.1</u>	<u>49.8</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Teacher/Pupil Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	407	\$ 6,713,289	\$ 16,495	-0.07%	29	1:10	282	266	-2.08%	94.33%
2007	383	6,693,699	17,477	5.96%	29	1:9	267	253	-5.32%	94.76%
2008	359	7,412,416	20,647	18.14%	29	1:9	270	255	1.12%	94.44%
2009	355	7,297,413	20,556	-0.44%	28	1:10	279	256	3.33%	91.76%
2010	353	7,613,374	21,568	4.92%	28	1:10	275	261	-1.43%	94.91%
2011	351	7,806,870	22,242	3.13%	28	1:10	285	269	3.64%	94.39%
2012	365	7,790,699	21,344	-4.03%	28	1:10	282	277	-1.05%	98.23%
2013	377	10,623,668 (1)	28,179	32.02%	30	1:10	276	260	-2.13%	94.20%
2014	353	9,249,490 (2)	26,203	-7.02%	29	1:10	288	273	4.35%	94.79%
2015	403	8,111,980	20,129	-23.18%	30	1:10	293	280	1.74%	95.56%

Sources: District records

- Note:
- a Enrollment based on annual October district count, including students sent to Woodridge Grades 9-12, special education and County educated students.
 - b Operating expenditures governmental funds (modified accrual) equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

(1) Includes \$2,096,487 of trailer rental costs related to Hurricane Sandy.
 (2) Includes \$1,097,349 of trailer rental costs & cleaning of building related to Hurricane Sandy.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017	54,017
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	259	274	275	275	275	275	287	276	288	295

Number of Schools at June 30, 2015
 Elementary = 1

Source: District Records

**MOONACHIE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN 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>
School Facilities										
Robert L. Craig Elementary School	\$ 67,739	\$ 114,242	\$ 109,712	\$ 83,436	\$ 88,472	\$ 86,808	\$ 76,715	\$ 78,026	\$ 108,975	\$ 80,715
Grand Total	<u>\$ 67,739</u>	<u>\$ 114,242</u>	<u>\$ 109,712</u>	<u>\$ 83,436</u>	<u>\$ 88,472</u>	<u>\$ 86,808</u>	<u>\$ 76,715</u>	<u>\$ 78,026</u>	<u>\$ 108,975</u>	<u>\$ 80,715</u>

Source: School District's Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund		
School Package Policy		
Blanket Building & Contents	\$ 11,207,206	\$ 2,500
Blanket Valuable Papers		
Flood	25,000,000	500,000
Earthquake	25,000,000	5% of SOV
Comprehensive General Liability	5,000,000	
Comprehensive Auto Liability	5,000,000	
Money and Securities - Loss Inside & Outside	50,000	1,000
Employee Dishonesty with Faithful Performance for elected officials	500,000	1,000
Board Secretary - PO Bond	195,000	
School Board Legal Liability	5,000,000	5,000
Boiler & Machinery	100,000,000 (1)	1,000
Harleysville - Flood Policy	500,000/500,000	50,000

Source: School District's Records

(1) Pooled coverage

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

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
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
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
Moonachie Board of Education
Moonachie, 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 Moonachie 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 Moonachie Board of Education's basic financial statements and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Moonachie 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 Moonachie Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Moonachie 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.

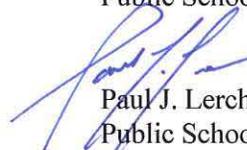
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Moonachie 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.

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 Moonachie 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 Moonachie 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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 23, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Moonachie Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Moonachie Board of Education’s major state programs for the fiscal year ended June 30, 2015. The Moonachie Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Moonachie Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 state program occurred. An audit includes examining, on a test basis, evidence about the Moonachie 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 state program. However, our audit does not provide a legal determination of the Moonachie Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Moonachie 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 state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Moonachie 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 Moonachie Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Moonachie 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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.

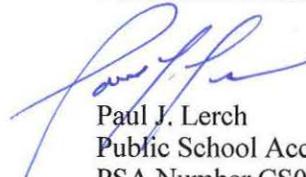
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on 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 Moonachie 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 23, 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 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 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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 23, 2015

**MOONACHIE 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	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2015			MEMO * GAAP * Receivable
									Unearned Revenue	(Account Receivable)	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education												
National School Lunch Program	10.555	N/A	9/1/14-6/30/15	\$ 58,268		\$ 54,173	\$ 58,268			\$ (4,095)		* \$ (4,095)
National School Lunch Program	10.555	N/A	9/1/13-6/30/14	46,200	\$ (3,505)	3,505						*
National School Breakfast Program	10.553	N/A	9/1/14-6/30/15	18,664		17,011	18,664			(1,653)		* (1,653)
National School Breakfast Program	10.553	N/A	9/1/13-6/30/14	12,821	(1,081)	1,081						*
Special Milk Program for Children	10.556	N/A	9/1/14-6/30/15	223		211	223			(12)		* (12)
Special Milk Program for Children	10.556	N/A	9/1/13-6/30/14	289	(25)	25	-	-	-	-	-	* -
Total U.S. Department of Agriculture					(4,611)	76,006	77,155	-	-	(5,760)	-	* (5,760)
U.S. Department of Education Passed-through State Department of Education												
NCLB Consolidated												
Title I	84.010A	NCLB306011	7/1/14-6/30/15	92,472		92,472	92,472					*
Title II	84.281A	NCLB306011	7/1/14-6/30/15	7,675		7,675	7,675					*
Title III	84.365	NCLB306011	7/1/14-6/30/15	3,070		3,070	3,070					*
IDEIA Part B, Basic	84.027A	IDEA306011	7/1/14-6/30/15	82,469		82,469	82,469					*
IDEIA Part B, Preschool	84.173	IDEA306011	7/1/14-6/30/15	5,087	-	5,087	5,087	-	-	-	-	* -
Total U.S. Department of Education					-	190,773	190,773	-	-	-	-	* -
U.S. Department of Education Passed-through State Department of Education												
FEMA-Disaster Grant												
Hurricane Sandy	97.036	N/A		1,719	2,259	-	1,719	-	-	-	540	* -
Total U.S. Department of Homeland Security					2,259	-	1,719	-	-	-	540	* -
Total Federal Financial Assistance					\$ (2,352)	\$ 266,779	\$ 269,647	\$ -	\$ -	\$ (5,760)	\$ 540	* \$ (5,760)

Note - This schedule was not subject to an audit on accordance with OMB Circular A-133.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Budgetary Expenditures	Cancelled Prior Years Balances	Balance, June 30, 2015			MEMO	
								Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
<u>General Fund</u>												
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 85,776		\$ 79,115	\$ 85,776			\$ (6,661)			\$ 85,776
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	85,776	\$ (6,156)	6,156							
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	212,409		195,915	212,409			(16,494)			212,409
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	212,409	(15,245)	15,245							
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	71,280		65,745	71,280			(5,535)			71,280
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	71,280	(5,116)	5,116							
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	16,590		15,302	16,590			(1,288)			16,590
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	16,590	(1,191)	1,191							
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	3,560		3,283	3,560			(277)			3,560
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,560		3,284	3,560			(276)			3,560
Additional Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	3,882			3,882			(3,882)		\$ (3,882)	3,882
Additional Nonpublic Transportation Aid	N/A	7/1/13-6/30/14	3,739	(3,739)	3,739							
Extraordinary Aid	15-495-034-5120-473	7/1/14-6/30/15	9,120		113	9,120			(9,007)			9,120
Extraordinary Aid	14-495-034-5120-473	7/1/13-6/30/14	10,825	(10,825)	10,825							
<u>On-Behalf Payments</u>												
TPAF Pension Contributions	15-495-034-5095-006	7/1/14-6/30/15	131,244		131,244	131,244						131,244
TPAF Pension - NCGI Premium	15-100-034-5095-007	7/1/14-6/30/15	9,442		9,442	9,442						9,442
TPAF Pension-Post Retirement Medical	15-100-034-5095-001	7/1/14-6/30/15	223,340		223,340	223,340						223,340
TPAF Social Security Aid	15-495-034-5095-002	7/1/14-6/30/15	177,787		169,120	177,787			(8,667)		(8,667)	177,787
TPAF Social Security Aid	14-495-034-5095-002	7/1/14-6/30/15	178,924	(8,634)	8,634							
				(50,906)	946,809	947,990			(52,087)		(12,549)	947,990
State Department of Agriculture												
<u>Enterprise Fund</u>												
National School Lunch Program	15-100-034-3350-023	9/1/14-6/30/15	1,293		1,207	1,293			(86)		(86)	1,293
National School Lunch Program	14-100-034-3350-023	9/1/13-6/30/14	1,012	(69)	69							
				(69)	1,276	1,293			(86)		(86)	1,293
State Financial Assistance												
Not Subject to Single Audit Determination												
<u>General Fund</u>												
On-Behalf TPAF Pension Contributions	15-495-034-5095-006	7/1/14-6/30/15	131,244		(131,244)	(131,244)						(131,244)
On-Behalf TPAF Pension - NCGI Premiums	15-100-034-5095-007	7/1/14-6/30/15	9,442		(9,442)	(9,442)						(9,442)
On-Behalf TPAF Post Retirement Medical Contributions	15-100-034-5095-001	7/1/14-6/30/15	223,340		(223,340)	(223,340)						(223,340)
Total State Financial Assistance Subject to Single Audit				\$ (50,975)	\$ 584,059	\$ 585,257	\$ -	\$ -	\$ (52,173)	\$ -	\$ (12,635)	\$ 585,257

**MOONACHIE 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 Moonachie 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 basis 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 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 \$1,005 for the general 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 946,985	\$ 946,985
Special Revenue Fund	\$ 192,492		192,492
Food Service Fund	<u>77,155</u>	<u>1,293</u>	<u>78,448</u>
Total Financial Assistance	<u>\$ 269,647</u>	<u>\$ 948,278</u>	<u>\$ 1,217,925</u>

**MOONACHIE 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

TPAF Social Security contributions in the amount of \$177,787 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 \$140,686 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$223,340 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.

**MOONACHIE 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:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

**MOONACHIE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04 and/or 15-08 as applicable? yes X none reported

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness</u>

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

**MOONACHIE 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, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

MOONACHIE 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 reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

There are none.

**MOONACHIE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
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 04-04 and/or 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.